PARKER SCHOOL
OF FOREIGN AND COMPARATIVE LAW
COLUMBIA UNIVERSITY
NEW YORK 27, N. Y.

POLITICAL SCIENCE QUARTERLY

Edited for the Academy of Political Science by the Faculty of Political Science of Columbia University

Volume LXIX MARCH 1954 Number 1

The World Revolution of the West: 1763–1801 R. R. PALMER 1

Unification of Political and Legal Theory . . JEROME HALL 15

Economic Potentialities of the Central African Federation . . . . . WILLIAM A. HANCE 29

The Republicanism of James Madison . . . . NEAL RIEMER 45

Benelux in the Balance . . . . . F. GUNTHER EYCK 65

Financing Unemployment Insurance in the United States . . . . . CAREY C. THOMPSON 92

The Open Society: A Reconsideration . . . ALFRED COBBAN 119

Reviews 127

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Reviews

Pfeffer, Church, State, and Freedom ..... *Mark DeWolfe Howe* 127
Cross, The People's Right to Know ..... *Irving Dilliard* 130
Friedman, Essays in Positive Economics ..... *K. E. Boulding* 132
Seton-Watson, From Lenin to Malenkov ..... *Paul F. Langer* 133
Fainsod, How Russia Is Ruled ..... *Leo Gruliow* 135
North, Moscow and Chinese Communists ..... *Charles B. McLane* 138
Feis, The China Tangle ..... *Henry F. Graff* 140
Izzeddin, The Arab World
Kimche, Seven Fallen Pillars: The Middle East, 1945–1952 } *J. C. Hurewitz* 142
Bartlett, Struggle for Africa ..... *William A. Hance* 144
The Economic Development of Mexico ..... *Frank W. Fetter* 145
Romier, A History of France ..... *René Albrecht-Carrié* 147
Taylor, Rumours of Wars ..... *Francis Loewenheim* 149
Thompson, A Short History of Parliament, 1295–1642 ..... *R. K. Webb* 150
Worswick and **Ady** (eds.), The British Economy, 1945–1950 .. *S. J. Hurwitz* 151
Pratt, Stanton: Lincoln's Secretary of War ..... *Donald N. Bigelow* 153
Barnhart, Valley of Democracy ..... *Charles C. Cole, Jr.* 154

Book Notes

Benn, The State the Enemy (156)—**Chamberlin,** Beyond Containment (157)—**Karunakaran,** India in World Affairs, August 1947–January 1950 (158)—**Frankel,** The Economic Impact on Under-developed Societies (158)—**Jackh** (ed.), Background of the Middle East (159).

Published quarterly at 8 West King Street, Lancaster, Pa., for the Academy of Political Science, Fayerweather Hall, Columbia University, New York 27, N. Y. Entered as second-class matter, March 14, 1911, at the Post-Office at Lancaster, Pa., under the Act of March 3, 1879.

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Library of Congress Catalog Card Number: 7–36315.

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Academy of Political Science

SPRING Luncheon MEETING

"THE RIGHT TO WORK"

This year the Academy of Political Science will hold a luncheon session, in place of the usual dinner meeting of its members and guests.

Speakers will soon be announced. It is expected that the importance both of the topic and of the participants will make this one of the most outstanding occasions sponsored by the Academy.

Detailed programs will be sent to all Academy members within the Eastern area. To other members, copies will be gladly sent, if specifically requested.

April 22, 1954

Hotel Astor, New York City

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POLITICAL SCIENCE QUARTERLY

Edited for the Academy of Political Science by the Faculty of Political Science of Columbia University

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Volume LXIX *March 1954* *Number 1*

POLITICAL SCIENCE QUARTERLY

THE WORLD REVOLUTION OF THE WEST: 1763–1801

IN the streets of Paris, on the ninth of Thermidor of the Year Six (July 27, 1798), there took place a long and memorable procession. It was in celebration of Liberty Day, as the anniversary of the fall of Robespierre was then officially called. It began at nine o'clock in the morning at the Museum of Natural History. First came cavalry and a band. They were followed by professors and students from the Museum, marching beside triumphal cars that bore various minerals, exotic plants, and some crystals presented by the people of Valais in Switzerland. There were also a live bear from the zoo at Berne, lions from Africa, and two camels and two dromedaries sent by General Bonaparte from Egypt. After more soldiers, and more musicians, came delegates from the printers of Paris, librarians of the public libraries, and professors from the *Polytechnique* and the *Collège de France.* Prize pupils from the new *école centrale* carried manuscripts and rare books. Next appeared teachers and students of the arts, who were followed by Art itself—the treasures captured by victorious armies in Italy: paintings by Titian, Raphael and Paul Veronese, sculpture in stupefying abundance, the Laocoön, the Dying Gladiator, the Discus Thrower and the Apollo Belvidere, to name only the most famous. Most conspicuous of all were the ancient bronze horses from St. Mark's in Venice. They bore an inscription: "Transported from Corinth to Rome, from Rome to Constantinople, from Constantinople to Venice, from Venice to France. They rest at last upon free ground." Numerous other inscriptions, up and down the procession, explained the assembled wonders to onlookers. One was a quotation from Seneca: "To live ignorant is to be dead."

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All this plunder, for such most of it literally was, was ceremoniously presented to the Minister of the Interior, who received it at the feet of a statue of liberty. The festivities ended with the ascension of a balloon, or "aerostat", carrying aloft more inscriptions, together with "attributes of liberty and the arts", and the tricolor of the Revolution.

The men in the French government who arranged this extraordinary spectacle obviously intended it to have a symbolic meaning. It may serve also as a symbol for us. It may remind us of certain paradoxes, or seeming paradoxes, of the French Revolution: the association of liberty with force, of enlightenment and education with propaganda and histrionics, of a sense of progress with a sense of conquest, of soldiers with professors, of a feeling of attachment to the Western tradition with one of angry repudiation of the historic past. And the bears, lions, camels, strange plants and imported statuary may suggest also the idea of a World Revolution, of which many people in Paris, and in other countries, believed France to be the center.

In the summer of 1798 France was bordered by other revolutionary republics in Holland, Switzerland and Italy. Belgium and the Rhineland had been annexed, and unrest spread through Germany. Ireland was in rebellion, and in Great Britain the government of William Pitt, to use the word of various British historians, was resorting to terror. In Sweden, said the British Foreign Secretary, half the people were Jacobins. In the United States, in July 1798, the same fear of Jacobins, that is of democrats, produced the Alien and Sedition laws; nor were such fears allayed when the democrats won the next election. The president of the college at Princeton, shortly thereafter, shuddered at "those irreligious and demoralizing principles which are tearing the bands of society asunder."[1]

The idea that these events constituted a world revolution, that is, a revolution of the Western World, is a very old one, since it dates from the eighteenth century itself. Recently, both in this country and in Europe, historians have begun to

[1] From an unpublished letter from Samuel Stanhope Smith to Jedediah Morse in the Princeton University Library. References in the present article are confined to direct quotations and a few other points which seem to be not generally known.

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revive it. I need only mention our own Louis Gottschalk, or Georges Lefebvre of the Sorbonne, who, rewriting in 1951 his book of 1930 on the French Revolution, completely recast it to show the supranational implications. It may be that we should try to develop some integrating or unifying conceptions for this whole revolutionary movement in Europe and America taken together. It is not enough to have a rough semi-Marxist idea of the "bourgeois revolution", or simply to place different countries side by side for comparison, or to speak vaguely of the "influence" of France or of America upon a world left otherwise undescribed.

Such a world revolution may be bounded, for convenience, by the dates 1763 and 1800 or 1801. At the hither end, we have a dramatic close in the election of Jefferson to the American presidency, and the personal triumph of Napoleon Bonaparte in Europe. The two events were not exactly alike, to be sure, but both were followed by a decline of political agitation. At the same time, with the Peace of Amiens and the Concordat both the British government and the papacy recognized the consequences of international revolutionary republicanism, at least tentatively and pending further developments.

There are good reasons for beginning about 1763. With the decade of the sixties some of the characteristics of the revolutionary era become apparent—the ideas and issues, the alignment of protagonists on both the domestic and the international fronts, the types of political activity and methods of rebellion against government, with the virtual creation of a public opinion on political questions in many countries. In the realm of ideas, the years 1762 and 1763 see the publication of the main writings of Rousseau, and we have it from Daniel Mornet, the leading authority, that the *philosophe* movement had triumphed by 1770. In 1765 the French Assembly of the Clergy issued its first wholesale condemnation of the *philosophe* literature, which it said would undermine, if unchecked, all churches, states and societies. The same years of the mid-sixties bring, in France, the quarrel of Louis XV's ministers with the more or less united *parlements* of the kingdom. The cry of "Wilkes and Liberty" is heard in England, and the Sugar Act and the Stamp Act arouse America.

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No one can read E. S. Morgan's new book, *The Stamp Act Crisis*, without sensing what was to come. He himself calls the American agitation of 1765 a revolution nipped in the bud. It anticipated what was soon to happen, in America and elsewhere, both in the ideas employed, that is, the appeal to historic or natural rights against a sovereign authority recognizing no direct dependence on the people, and in the practical tactics devised, that is, gatherings of the merchant and lawyer class into clubs and committees, and their exploiting of mob violence to obtain their ends. At the same time the close of the Seven Years' War marked the triumph of Great Britain and in particular of its Parliamentary governing class, the most brilliantly successful of all people under eighteenth-century conditions, and hence the least inclined to see conditions changed. The stage is already set for the solid British conservatism which was in time to be the main support of counterrevolution, and for that British superiority in wealth, and command of the sea, with the consequent anti-British feeling, which were to affect all international relations for many years.

The problem now is to suggest a few unifying themes, running through these years, and more or less common to an Atlantic civilization.

To begin with ideas. To imply that ideas "caused" the Revolution has long been the signal for controversy, carrying the implication of a conservative approach. Since the Revolution, and indeed before, as in the French Assembly of the Clergy of 1765, there have been warnings that the literature of the Enlightenment made people unruly and filled them with impractical ideas. This is probably true. It is not the whole truth, for the ideas in question were more than mere rebellious opinions. They derived from centuries of European thought, and they applied to the actual conditions of the day. The whole issue as between ideas and circumstances in the causation of the Revolution was set forth with extraordinary clarity, as early as 1799, by Friedrich Gentz.[2] In 1790 a French conserva-

[2] Friedrich Gentz, *Historisches Journal* (1799), immediately translated and published by Mallet du Pan in his *Mercure Britannique* (London, 1799) which appeared also in English as the *British Mercury*. Both Gentz and Mallet du Pan were writing as journalists in the service of the counterrevolution. Gentz's analysis may be read in English in the *British Mercury* for April 30 and June 15, 1799.

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tive, Sénac de Meilhan, in his book of that year, remarked that "the French Revolution seems to be a revolution of the human mind."[3]

The main idea, if we must single one out, seems to have been a demand for self-determination, a sense of autonomy of the personality, a refusal to accept norms laid down outside the self, leading sometimes to a profound subjectivity, or an insistence on self-expression rather than adjustment to preëxisting authoritative standards. This seems to be the message of Rousseau, in the *Confessions* and the novels as well as in the *Social Contract*. In the latter, it is a collective self that defines the right; and each citizen is triumphantly demonstrated to be subject and sovereign at the same time. The same note of personal autonomy underlies all the practical demands for liberty, political and economic. It may be found in Kant's metaphysics and in his political theory, and in the world-creating Ego of Fichte, who believed himself and his philosophy to be part and parcel of the revolutionary movement. It presumably explains what Hegel meant when he said that Mind became fully free only with the French Revolution. It inspired the educational doctrine of Pestalozzi, who welcomed the revolutionary Helvetic Republic in Switzerland. It has been found, by those versed in music, in the work of that obstreperous republican, Beethoven. It is obviously central to romanticism, and, in the demand for spontaneity and the rejection of artificial restraint, inspires the *Lyrical Ballads* of 1798. Surely there exists here the opportunity for what modern parlance knows as a "synthesis", bringing together not only many peoples of different language or nationality, but also many different fields of activity and thought.

It might be shown also, in such a synthesis, how the universal impulse to liberty is at least in principle kept in order. Anarchic individualism is avoided, in the political sphere, by the stress on the equality of rights, and by the ideas of fraternity and of law; and all are bound together in the idea of constitutionalism. About fifteen new written constitutions were proclaimed in America, and ten in Europe, in the quarter-century ending in

[3] G. Sénac de Meilhan, *Des principes et des causes de la Révolution en France* (London, 1790), as quoted in a hitherto unpublished work on French counter-revolutionary thought by Professor Paul Beik.

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1801. In economic theory, it is natural law, or the natural harmony, that prevents liberty from degenerating into confusion. In the arts, a generation that revived the sonnet can hardly be charged with looseness. In moral philosophy, with Rousseau and Kant, it is the human conscience that stands between freedom and anarchy. In more recent times, with the ideas of conscience and natural law losing their force, and the drive for emancipation or self-expression as strong as ever, a great deal of trouble has been attributed to such ideas. Some have sought philosophical composure in the Middle Ages. The matter cannot be amplified here. Suffice it to say that liberty has always been known to be dangerous.

A unified conception of world revolution would be the easier to arrive at if we could point to an organized and centrally directed revolutionary party, international in its operations. Conservatives in the 1790's, unable to believe that revolutionary sentiment had any real or, so to speak, legitimate foundation, naturally imagined that such an international conspiracy was at work. The French *émigré* Barruel, and the Scotsman John Robison, independently produced large treatises proving its existence. In this country Jedediah Morse spread the same alarm. There was, however, no such international organization. Agitators and subversives did exist in all countries, and sometimes French generals or civil commissioners in neighboring states employed secret agents. They had little or no connection with each other, or with the French government or any supersociety in France. The French Jacobins were never secret, and had no organization after 1794. Revolutionary secret societies were more the consequence than the cause of the great revolution of the 1790's. The Italian Carbonari, for example, may be traced to a kind of Jacobin club in Burgundy in 1790. It was in a Paris prison, in 1795, that Babeuf launched the revolutionary underground of the nineteenth century. In 1798, when all England was reading the shocking revelations of Barruel and Robison, the House of Commons appointed a Committee of Secrecy to inquire into subversion. The committee made the strongest possible case to show a conspiratorial movement in England since 1792. It published numerous documents, and it

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named names. No French agent is mentioned in its report, and no foreigner other than Irish.

Class analysis offers another common theme. Carl Becker once observed of the American Revolution that, with the question of home rule settled by independence, it remained to be seen who should rule at home. Thus the establishment of independence was followed by the heightened democratic agitation of the 1790's. The same pattern can easily be seen in parts of Europe, especially in regions subject to a sovereignty increasingly felt to be foreign. Cases in point are the Lombard and Belgian provinces, under the Hapsburg emperor; or the Swiss territory of Vaud, which belonged to the canton of Berne. In Belgium the assertion of independence in 1789 was followed by the strife between Statists, the upper class of the old régime, which wanted no internal change, and the democratic or "Vonckist" party, which demanded new rights for the hitherto unprivileged classes. The same pattern can be traced even in countries having native governments, since under the old régime all governments were in a sense foreign to their populations, the lack of moral bond between ruler and ruled being precisely the point at issue. It is now generally agreed that, in France, the revolution began with a revolt of the nobility against royal absolutism. This was no mere prelude, but an integral phase of the movement. If this revolutionary rôle of the aristocracy is once fixed in mind, then the attempts of Polish gentry to stage a revolution against the partitioning Powers, or the uprising of Hungary against Joseph II, can be brought into a unified conception of a general revolution. Even in England some of the gentry favored parliamentary reform; and parliamentary reform, involving equal, individual, numerical and "real" representation in the House of Commons, was rightly felt by conservatives to be a revolutionary change, both in the vicious practice and in the virtuous theory of the British Constitution.

In most countries having a middle class a bourgeois phase soon followed the aristocratic protest, and the sub-bourgeois or working classes were often heard from also, not only in France, but in England, Scotland, Holland and elsewhere. A historian of the city of Manchester, for example, remarks that the United

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Englishmen of 1797 offered the first example in that city of working-class political organization without middle-class leadership or support. In the long run, however, the landed interest seems to have had the last word, and it was the action of country people, perhaps more than anything else, that determined what happened as between one place and another. Only in France and America did small farmers become really revolutionary, and only in these countries do we find complete and thoroughly indigenous revolutions. In Ireland the rural population was disaffected, but helpless. In England the "land" meant a well-contented aristocracy. In Eastern Europe the very ownership of rural land was generally confined to nobles, who were the only political class, so that there was scarcely a tremor of revolution except for the noble opposition to outside Powers. In the Kingdom of Naples, the flimsiness of the so-called Parthenopean Republic of 1799 was due to the nonparticipation of peasants; and Cardinal Ruffo, with his famous Army of the Holy Faith, easily won back the country, not by the forces of clericalism, but because, being the administrative type of churchman, he had constructive ideas on land reform and could appeal to peasants.[4]

Class differences manifested themselves constitutionally, in almost every country affected by the revolution, in the question of whether the new state should be unitary or federal. In the Dutch provinces, the Swiss cantons, and the Italian republics, as in France after 1792, we hear the cry for a "republic one and indivisible." The same idea is evident in Belgium, in the German Rhineland and in Ireland with its United Irishmen, who believed that Irish Catholics and Presbyterians must combine indivisibly against the English. The idea of a republic "one and indivisible" was not primarily nationalist; at least, it had no necessary relation to linguistic or ethnic groups. It meant that persons struggling for a democratic revolution must integrate territorially for self-protection, since the old local units of province and town—Brittany and Languedoc, Bologna and Ferrara, Amsterdam and Rotterdam, Brabant and Flanders,

[4] This is the general thesis of N. Rodolico, *Il popolo agli inizi del Risorgimento nell' Italia meridionale, 1792–1801* (Florence, 1925).

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Cologne and Mainz, not to mention the twenty-one boroughs of Cornwall—were everywhere the seats of entrenched, exclusive and self-perpetuating oligarchic or privileged families. To insist that these historically-developed corporate entities should retain a separate influence was called "federalism" in revolutionary parlance, and federalism was with reason regarded as one of the many aspects of counterrevolution. Advanced democrats everywhere demanded the dissolution of such entities into a uniform state built upon individual citizenship. It seems important to note that a contrary situation existed in America. The fact that Federalism in America meant the centralized state is a mere difference of words. The significant matter is that, in America, the advanced democrats continued to fear strong government, or any central government, and to put their trust in local authorities close to the people. In America it was the democrats who were "federalist" in the European sense. At a time when big government was even harder to keep under control than now, democracy in America was not committed to big government, as it had to be in Europe to exist at all. The difference is due, like so much else, to the fact that America had no old régime in the true European sense, and hence no such internecine struggle.

Finally, it is in the sphere of international relations, and especially in war, that a unifying conception for the era may be formed. It is the misfortune of our own generation to know something of the interaction between war and revolution, and we should perhaps therefore be able to analyze the corresponding phenomena of the eighteenth century with a dreary wisdom not given to Sorel or Von Sybel. Whether revolution must lead to war we cannot really be certain. It has been both affirmed and denied of the war of 1792. We do know that war can be a great breeder of revolution. We know, too, that war aims change during the stress of fighting; that governments or aroused peoples may crush enemies or seize and hold advantages in a way having little to do with initial ideology or intentions.

The revolutionary struggle, throughout the thirty-odd years, was inseparable from the struggle between England and France. The British government opposed every revolutionary effort—the American, the Irish, the Dutch of 1784 and the Belgian of

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1789. It went to war with France in 1793 to maintain the *status quo* in Belgium and Holland, against which many Dutch and Belgians were in rebellion, but which for over a century had been favorable to British naval and mercantile interests. The French, on the other hand, under both the Bourbon and the ensuing republican governments, patronized virtually all revolutionary disturbances.

The French were the only people to make a lasting revolution by their own efforts. All others depended on them. The French shipped 30,000 muskets to America in the year 1777. Nine tenths of all the gunpowder used by Americans before the battle of Saratoga was from foreign sources, mainly French. It is clear that the success of the American revolt depended on France even before France openly intervened. In this respect the American Revolution resembles the revolutions twenty years later which produced the Batavian, Cisalpine and other short-lived republics. The difference lies in the fact that the French withdrew from America, leaving the country independent, whereas they did not, could not, or would not withdraw from Holland or Italy except by abandoning their supporters to the counterrevolution.

The fact that the French alone accomplished a revolution with their own resources leads to comparative reflections on the Reign of Terror. There is no simple explanation for the Jacobin Terror of 1793. There is therefore no simple explanation for its absence. Yet the fact is that only in France did revolutionaries not depend on outside aid, and that only France had a real Terror. The Americans in the 1770's, and in the 1790's the Dutch and the Italians, managed to conduct revolutions of some magnitude without going to such lengths as the French in 1793. One reason surely is that they did not depend on their own precarious revolutionary resources—unorganized, unreliable, shifting, opportunistic, and virtually ungovernable, as resources of men and material in time of revolution are. They expected and received the aid of France. As a working hypothesis, we may suppose that revolutionaries had three alternatives: either capitulation to the old régime, or terroristic control of the means of defiance, or the acceptance of outside aid. The French

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did not have the third alternative. Of others, including our own esteemed Founding Fathers, it may be argued that receipt of French aid spared them the unpleasant necessity of terrorizing their fellow countrymen more than they in fact did. The matter is at least worth considering.

It is clear that war aims changed with war itself. The British government under Pitt, late in 1792, declared that it had no interest in the internal government of France, and would go to war only to preserve the existing situation in Belgium and Holland. Within two years, in July 1794, the same Pitt, in a secret cabinet memorandum, was planning to let Austria keep its acquisitions while Great Britain retained all those "already or yet to be conquered in the East and West Indies."[5] In five more years he doubted whether any lasting peace could be made except by restoring the French Bourbons—an opinion not shared by Prussia, Austria, or even the Bourbon monarchy of Spain.

The French went to war in 1792 in a spirit of crusading for liberty, of raising a world revolution against all kings and all nobles. As Brissot wrote, anticipating Lenin, "we cannot be at ease until all Europe is in flames."[6] As the Abbé Gregoire put it, in a phrase that would have suited either Metternich or Franklin Roosevelt: "If my neighbor keeps a nest of vipers I have the right to stamp it out, lest I be its victim."[7] But as early as 1793 a more national and hard-headed attitude began to prevail in France. There began to be a contemptuous feeling that no people except the French was really suited for liberty. The idea of world revolution gave way to the idea of revolution in one country first. Some writers, like Albert Mathiez, make a great deal of this change, which in a way relieved the Jacobins of responsibility for world turmoil. Actually the change made little practical difference. It is consequences, not intentions, that enter into the crude realm of fact. Since the enemies with whom they were at war were the privileged classes of Europe—the nobilities and town oligarchies and wealthy landowning clergy—the French republicans attacked them by attacking

[5] Great Britain, Historical Manuscripts Commission, *The Manuscripts of J. B. Fortescue Preserved at Dropmore* (London, 1892–1927), vol. II, p. 599.

[6] J. P. Brissot, *Correspondance* (Paris, 1912), p. 313.

[7] *Moniteur, réimpression*, vol. XIV, p. 587, session of November 27, 1792.

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their sources of power, by abolishing their privileges, their laws, their tithes and their feudal rents, by summoning their former dependents to freedom, by granting equal rights to Jews, Protestants, Catholics, freethinkers or whoever it might be that was outside the locally established church—and even by the confiscation of property, the property of hostile ruling classes, be it understood. Such procedure horrified conservatives, especially in England, where it was ascribed to some peculiar perversity in the Jacobin character, or to an excessive belief in abstract ideas. It was not altogether different from what happened to the South during and after our Civil War, or from what governments in general seem historically to have done in pursuing conquest or suppressing opposition. One thinks of the Celtic regions of the British Isles, and the Scottish Highlands as recently as 1745.

The point is that revolution does not have to be caused by revolutionary ideas. It may only be a weapon of war. The distinction is never clear. In France, even under the consulate and empire, there were many who remained attached to revolutionary ideas. They believed in principle in liberating men from feudalism, clericalism or stupidity. Outside of France there were idealistic persons who first welcomed the French, then turned against them, disillusioned. The fact that they turned anti-French does not mean that in all cases they turned against revolutionary ideas, since the revolution was not French alone. They became the spiritual or actual fathers of the European revolutionaries of 1830 or 1840. The case of Michael Venedey is an example. He was a German republican of 1797, his son was a German republican of 1848.

Or again, if we say that revolution need not be caused by revolutionary ideology, we may have in mind that societies collapse for negative reasons, not so much from the strength of revolutionary sentiment as from the absence of any powerful sentiment in favor of the existing order. There were important revolutionary elements in Holland, Belgium, the Rhineland, Switzerland and Italy; but what caused the collapse of old governments and governing classes, in every one of these countries, was the war. More specifically, it was that they would not or could not defend themselves, that their own peoples did

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not believe in them, that there was no loyalty, faith or conviction on which to build, that they all were permeated by neutralism, and hoped plaintively, and vaguely, to be rescued by British money or the British fleet. In Holland in 1794 the Prince of Orange attempted a levy in mass; he is said to have raised fifty men. In Belgium the authorities were afraid to arm the people. In Italy it had long been unheard of for Italians to be soldiers. The Swiss had not fought in their own cause for generations. All fell before revolutionary republicanism, French and domestic.

The French, being at war, accepted assistance wherever offered. They stirred up the very dregs of society, as we may read in a hundred contemporary accusations. They brought the "masses", or at least a great many lower-middle-class and working people, into the practical politics of the Western World. By a historical irony, the liberal bourgeois awakened his Marxist doom. As for the British, being also at war, they brought into the practical politics of the Western World, though it would be premature to call it a Marxist doom, the mammoth power of Imperial Russia. No doubt historical irony can be overdone. Yet as early as 1775 there was talk in England of using Russian mercenaries in America. The Earl of Suffolk jocosely remarked that 20,000 Russians would be "charming visitors to New York and would civilize that part of America."[8] Vergennes, alarmed, foresaw that Britain might some day hire Russian troops for operations in Western Europe. In 1796 the British Cabinet agreed to give the island of Corsica to Russia. In 1798 Henry Dundas advised his cabinet colleague, Pitt, to "subsidize an army of Russians for British purposes," to attack Holland, defend Switzerland, capture Malta, open the markets of South America, or occupy Brest.[9] In 1799 there was talk of using Russians in Ireland. In that same year Vergennes' fears were realized when Russian troops, paid for by Great Britain, invaded Switzerland and Holland, on their way to France. It seems strangely modern to find Reubell, the former Director, declaring

[8] Keith Feiling, *The Second Tory Party* (London, 1938), p. 129. See also the *Parliamentary History*, vol. XIX (1778), p. 1355, where the use of 50,000 Russian troops is mentioned.

[9] The "Dropmore" or "Fortescue" papers, cited above, vol. IV, pp. 434–35.

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in 1801 that his policy of revolutionizing Switzerland in 1798 had prevented the Cossacks from riding into Paris.

The age of the French Revolution, it may be said in closing, has been used historically for a great many purposes. It has been used to explain the rise of nationalism or of liberalism, of class struggle or the "perpetual revolution" of Trotsky, to celebrate the freedom of thought, or, contrariwise, to demonstrate that dogmatic Jacobin ideology must lead to totalitarianism. Let us avail ourselves of the privilege of our predecessors, and use the revolutionary era to investigate what is most on our minds, to find out what a world is like that is divided by revolution and war. There is something to be said for leaving the national histories of France, or Italy, or Holland, to persons born or living in those countries. Perhaps we in America are best equipped to be the synthesizers. As that notable revolutionary, Thomas Paine, remarked in a notable revolutionary year, 1776, America is "the colony of all Europe." We are of all European nationalities, and of none; and so should be the better able to see the whole movement as one common to the Atlantic world. If we do, we shall not be mere innovators, nor be forcing the past to fit the present. We shall be saying what contemporaries before 1800 all but universally believed. We shall be performing the oldest and humblest of all the rôles assigned to history—the preservation of memory. Indeed, I am reminded of the very first words of the first book of Herodotus, where he says that the aim of his "researches", as he calls them, is that the memory of the past may not be blotted out by time, that the actions of Greeks and barbarians may be known, "and especially that the causes may be remembered for which they waged war with each other." Each can decide for himself which were the Greeks, and which the barbarians. Or he may think that it was really a civil war in Hellas.

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UNIFICATION OF POLITICAL AND LEGAL THEORY

"POLITICAL" and "legal" are different words, and it is possible that they refer to two disciplines whose unification suggests subsuming one under the other or treating them as coördinate branches of a "master science". If we exclude the reduction of social data to their physical components or external manifestations, as well as formal exercises designed to unify the social sciences by conventional use of common terms regardless of the distinctiveness of problems, we encounter such a disorganization in current thought as to make it obvious that there are major obstacles in the way of even a loose interrelation of legal and political theory.

In the writer's view of the present situation political theory and legal theory do not exist as autonomous disciplines. Nor can they be constructed into or developed as separate disciplines unless arbitrary limitations are imposed, for example, that legal theory be confined to the explication of legal rules and to their logical manipulation, while political theory include all of social science regarding relevant facts and values. The long tradition of political valuation under the aegis of the natural law philosophies and the rise of sociology of law alone render such a demarcation untenable and indicate that the problems met in even a casual survey of legal theory and political theory cannot be solved that way.

There are many other reasons for thinking that the present division of knowledge into political theory and legal theory represents an unsound bifurcation and that the most promising endeavors lie in the direction of uniting these cognate bodies of thought. Perhaps it may be assumed that efforts to do this would profit from significant achievements in the social sciences and that no mere application of ancient philosophies will suffice.

Having noted this caveat, the writer ventures to suggest, without undue commitment to either Plato or Aristotle, that a study of the problem in the context of these philosophers' work would be profitable. No separation of legal from political theory is found there, and in their analysis of problems the legal

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and the political coalesce as the subject matter of the "master science" (for example, Aristotle's comment that the constitution is "a way of life"). The pertinent question concerns the validity of that perspective and its present significance rather than the limitations of Greek social science, including those reflecting the absence of a highly developed legal order.

The contrast in present legal and political theory is obvious and some of the causes must be noted in an effort to achieve a sound point of view regarding law—and that, in the writer's opinion, is a necessary prerequisite to the solution of the problem we are discussing. In this century and country vocationalism has greatly influenced, if it has not wholly determined, the functions of scholars designated "legal" or "political" in the respective departments of the universities. For example, the government curricula typically omit private law, procedure, and even areas of important public law—and that is justifiable only on vocational grounds. Vocationalism is so dominant in the law schools that the solution of practical problems is emphasized even in jurisprudence. It seems evident that the prevalent bifurcation in thinking has been influenced by the vocational work of the scholars.

Equally operative in effecting the separation of legal from political theory has been the accelerated specialization in social science which began in the past century. It is impossible here, however, to deal with the emergence of the various disciplines or to consider the advantages of the specialization they represent.

Finally, the theory that law is only a distinctive form or type of proposition, also dominant in the modern era, has allocated the determination of legal meanings to one group of specialists and has deterred nonlegal scholars from exploring them. At the same time, with the support of a narrow empiricism, it has induced the assumption that law is not important in behavioral science. Thus, the far-ranging influence of formal theories of law, specialization and vocationalism has largely determined the present character of legal theory and political theory. Any effort to unify them must find ways to surmount the consequent barriers.

For those who hold that any body of knowledge is conditioned by its subject matter and that the various sciences are distin-

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guishable in those terms, the discovery and definition of the distinctive properties of a subject matter are of paramount importance for the theory of the relevant discipline. For present purposes one may recognize three kinds of definition—the Humpty Dumpty definition, that of usage, and the descriptive definition which specifies "essential" properties and is fully formulated at the end, rather than at the outset, of an inquiry. The literature of political theory on the subject matter of the discipline exhibits the use of all these types of definition, often, unfortunately, without stipulation of what is being done.

Humpty Dumpty definitions are sometimes necessary in scientific or philosophical enterprises where ordinary usage is cloudy and knowledge of the realities must be postponed. But a reckless coinage of terms handicaps the acquisition of knowledge by confusing verbal construction with analysis and theory. In any case, the descriptive definition is the principal objective of inquiry regarding the subject matter of the political discipline. It should be sufficiently precise to facilitate research and, so far as is possible without distortion, it should be stated in terms which promote the organization of the relevant knowledge.

It is widely recognized that various current efforts to define the political field have met with an indifferent success. One common "approach" is that power is the political subject matter. But power, unqualified and unspecified, is one of the vaguest notions in the history of human thought, and one need only note the ramifications of potentiality as distinguished from actuality in Aristotle's metaphysics, alone, to apprehend the range of problems raised and unsolved by venturing in that direction. That perspective, moreover, is apt to intrude physicalist or biological assumptions and to ignore problem-solving intended to discover the "right" laws rather than to dominate. The notion is thus fostered that the political situation is correctly represented in the image of a dominating leader manipulating stupid or cowering "subjects". But disinterested efforts to discover what is really wanted and what ought to be done and the answers implemented in functioning legal systems reveal the more enduring, significant aspects of power relations.[1]

[1] "Political power, then, I take to be a right of making laws, with penalties. . . ." John Locke, *Second Treatise on Government*, Book II, Ch. 1.

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Another approach is that the subject matter of the political discipline is decision-making. There is a significant degree of relevance in this generalization just as there is in the one considered above but, again, the avoidance of law results in a vague notion which apparently includes attendance at a baseball game, by-laws of unions and corporations, participation in church activities, decrees of ecclesiastical authorities, criminal behavior, and the judgments of courts of law. If inquiry were limited to rational processes, as the term "decision-making" suggests, there would be a failure to take account of custom and habituation in the moral virtues manifested in hardly conscious correct action, as well as of self-interest, lack of information, and bias. Nor is the knowledge required to construct the discipline rendered more attainable by confusing the processes involved in learning legal ways with those involved in discovering sound laws and those involved in adjudication and those involved in law enforcement.

Similar doubts arise regarding the thesis that the authoritative allocation of values is the subject matter of the political discipline. Difficulties concerning the meaning of "authority", alone, and the effort to define that in terms of acceptance of an obligation to obey merely raise many problems, which could probably be solved in good measure by precise analysis which recognized that law is an essential component of the political process, and included careful efforts to distinguish laws from other norms. The above remarks are even more pertinent to the thesis that the subject matter of politics is "the control relationships of wills."[2]

With reference to all of these approaches to the discovery and definition of political data, it may be suggested that if something other than law is intended in the above generalizations, their authors should state clearly just what that other is, and why law is omitted. If law is included, but something in addition is intended, it is equally necessary to state what else is included and why that is done. The principal limitation of such theorizing is that it lacks definite relevance and the support of validated, narrow generalizations because law has been ignored. Thus,

[2] George E. G. Catlin, *A Study of the Principles of Politics* (New York, 1930), p. 76.

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even though one might eventually employ similar theories, they would have much greater significance if they rested on, and rose from, the solid foundation of a precisely defined, distinctive subject matter. While these remarks refer especially to certain recent theories, they are also applicable to more historically guided interpretations which have suffered from a neglect of thorough study of legal ideas and their functions—with the result that an unnecessary vagueness pervades the literature, and the potentialities for systematizing the political discipline are not developed.

The writer submits that the traditional view that the state is the subject matter of the political discipline is basically sound.[3] The correlative thesis that the state presupposes, or is identical with, law, though involved in verbal difficulties and the uncertainties of anthropological studies, is also one of the most widely held opinions in the history of political theory, beginning with Plato's observation that without law there is no polity. In the light of current attempts to discover and define the subject matter of the political discipline without reference to either state or law, it may not be superfluous to recall that throughout the history of political theory, even in sweeping challenges like those of Thrasymachus, Machiavelli, and Hume,[4] law was recognized as an essential component of political data. It is conceivable that the history of political theory regarding law represents an obsession with irrelevant or nonsensical abstractions but, apart from the weight of 2,300 years of precedent and authority, the literature produced abounds in valuable insights and critiques of political processes which can hardly be displaced by wishful prognostications regarding a nonexistent political science.

In addition to the evidence of the history of political theory recognizing law among the essential components of political

[3] It should be clear from the following discussion that the writer does not hold that political science or theory should be limited to "the state".

[4] "So great is the force of laws, and of particular forms of government, and so little dependence have they on the humors and tempers of men, that consequences almost as general and certain may sometimes be deduced from them, as any which the mathematical sciences afford us." David Hume, *Philosophical Works* (Boston and Edinburgh, 1854), vol. 3, pp. 12, 13.

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data, there is considerable knowledge of the formal organization of many societies. The identification of law and state with highly specialized official organs has retarded solution of the problem whether the simplest preliterate peoples were without law or whether the more persuasive view is *ubi societas ibi jus*. But even those who withhold a "state" from preliterate societies find law or other coercive norms among them; and, although the consistency of that view may be doubted, it provides a common ground so far as the present thesis regarding law is concerned.

The principal point, however, is that it is not sufficient merely to recognize that law is somehow or somewhere present among political data. The needs of cogent theory are met only if law is found to be "ultimate" and "essential" in political data. Law is ultimate and essential in political data not for the collateral reason that it is impossible to reduce law to simpler elements without destroying it but because law supplies and comprises the distinctiveness of political data. In short—no law, no political data.[5]

To secure an adequate hearing for this thesis it would be necessary to place alleged instances of total personal domination in actual contexts of sustaining legal orders—to consider, for example, whether the historic Oriental despotisms rested on a base of customary law, and to detail the facts of the recent and current dictatorships, including that avowing the theory of the withering away of the state—all of which preserved the *Rechtsstaat* throughout vast areas of interpersonal relations which did not challenge the régime. The expansion of state and law in Russia, as well as the liquidation of distinguished exponents of the Marxian theory, is especially suggestive. The plain inference is that law is necessary because order and security, the minimal requirements of survival, not to speak of liberty and other values of democratic societies, cannot be provided without law. The testimony of the history of law and of political theory, of an-

[5] "Legal action—we may also call it 'political' for, as it will be argued later, the political is also the legal, since the State is essentially law. . . ." Ernest Barker, *Principles of Social and Political Theory* (Oxford and New York, 1951), p. 45.

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thropology, and of current events may be merely collateral evidence, but they are rather persuasive that law is an essential component of political data. They provide some insight into the primordial fact of law in enduring interpersonal relations. From a directly theoretical viewpoint, law is ultimate and essential because it includes, if it does not consist only of, distinctive ideas, that is, law is ultimate in political data because distinctive ideas, supplied by law, are ultimate there. Until, therefore, the search for a valid, adequate definition of political data is pushed to the point where those ideas and their functions are included, the basic properties of those data have not been apprehended.

There is still another way to recognize the place of law in society and in the political discipline, namely, to think of the political process in terms of social problems. In the literature of sociology, social problems are apt to be given a merely practical significance and such theory as is expended on them deals with the articulation of assumed value judgments and the possibility of improvement. What has been ignored is that social problems are legal problems. For, in so far as social problems are recurrent, more or less regular modes of dealing with them are sought, that is, the solutions include sound laws, as is evident in the work of the English Royal Commissions. For Plato the solution of social problems and the consequent view of law as therapy are subordinated to attainment of the highest type of wisdom exemplified in legal codes and constitutions. From both viewpoints law is "basic", and the inadequacy of that adjective and its synonyms is the unavoidable consequence of contact with an irreducible facet of social life.

If the state is the subject matter of political theory and if the state presupposes law or is identical with law (though not in the sense maintained in the Pure Theory of Law) or if state and law are not thus related, but law is nonetheless recognized as an essential phase of enduring social organization, then the most important present task for theorists is to study the meaning and functions of law from the vantage point of current social science. This will certainly represent a great advance in comparison with past political theory which accepted a restrictive view of law,

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for it will provide the modern social scientist with data and theories with which he can work.

It would require a lengthy essay to present an adequate theory of law, but the directions to be taken can be indicated. We start from what is common ground for practically all theorists from the Greeks to the current positivists, namely, that law is expressed in a distinctive normative form composed of two descriptive propositions, one designating a harm, the other, a physical sanction, both being joined by a copula signifying must, an imperative "shall". The second step concerns the teleological quality of these norms and their embodiment of, or relation to, values. Finally, there is a factual dimension of law manifested in conduct and institutions which express the legal ideas, and in artifacts into which those ideas are read. Admittedly, there are troublesome questions to be dealt with in connection with the two latter, alleged properties of law, and there are many subsidiary problems concerning, for example, the norms of subgroups and the sanctions of different types of norm. Nonetheless, the principal outcome of the suggested integrative theory,[6] without further specification of the various steps, is that laws are distinctive cultural facts. A rational-empirical discipline is thus envisaged in which the political is not separated from the legal except as convenience and the division of labor suggest practical allocations of study.

This is not the place to argue the merits of the above and other theories of law or to demonstrate that the bifurcation of its form, value and fact in particularistic analyses of the data has reflected and determined a corresponding separatism in the relevant knowledge. The way to raise such controversies above the level of verbal differences or merely preferential attitudes is to be governed by the facts and qualities of most actual, enduring power norms as they are revealed in history, and to keep in mind, also, the requirements of a relevant social discipline as distinguished from those of a formal science.

To evaluate theories of law it is also necessary to recognize that definitions of law have been proposed in various contexts

[6] The writer has discussed this in "Integrative Jurisprudence", published in *Interpretations of Modern Legal Philosophies*, edited by Paul Sayre (New York, 1947), p. 313, and in *Living Law of Democratic Society* (Indianapolis, 1949).

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and for different purposes. There is, accordingly, little to be gained in asking in the abstract—"What is law?" Necessary limitations on inquiry include the following. There is the lawyer's definition of law, in which social practices, approval, and ethical validity may be irrelevant because the lawyer's purpose is to estimate the likelihood of governmental coercion in particular situations. The question for theory in this connection is to discover to what extent avowedly scientific definitions of law, for example those of legal positivism, have been unduly influenced by the needs of litigants, judges and lawyers.

Second, in debates on obedience to government, definitions of law have emphasized conformity with, or inclusion of, moral values as going to the essence of law. Obviously, strong preferences are often expressed in heated controversies. "Law", originating in religious conceptions, has an honorific connotation; hence the dissident and the subservient are apt to withhold the term from power norms which they dislike. But the indicated involvements do not free the social scientist from the necessity to examine enduring power orders, especially those constructed largely of customary law, where spontaneity and the tests of long experience predominate, with a view to determining whether value is an essential aspect of law for purposes of social science.

This has led us to the third type of definition, namely, that providing an adequate description of positive law for the purposes of social science. For the social scientist the patterns, rôles and functions of law in society, the practices and effects exhibited in law or produced by law are as important as the normativity of the legal-political process. He approaches the data with the models of science and those of less rigorous social knowledge in mind, and he wants a definition of positive law which lends itself to congruent purposes.

Viewed *a priori*, it may be thought that the theory of law which he adopts is not important because, in any case, the social scientist can investigate parallel or collateral factual and policy questions. However, there seems to be a positive correlation between the theory of law espoused and the kind of knowledge that is sought. For example, is it mere accident that many neo-Kantians have embraced logical positivism rather than social

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science? Indeed, they have maintained not only that legal science must be rigorously separated from political and other social science[7] but also that the sociology and the psychology of law merely confuse analysis by introducing unsound dualisms. In contrast, the natural law philosophies, where the separation of the idea of law from the why of it would be deemed irrational,[8] have made lasting contributions to the ethical criticism of political issues. And in legal sociology, where theories of the nature of law take account of the factual dimension or effects of law, it would be equally unsound to separate factual from policy problems and to enclose each type in a hard, isolated compartment. Because it has often done just the opposite of that, legal sociology has made important contributions to social science. Thus, it is quite likely, regardless of the bare logic of possible directions, that there is a positive correlation between the theory of the nature of law that is maintained and contribution to the political discipline.

Perhaps the above observation will be disputed by pointing to positivists among political and other social scientists who are making important contributions but who have no theory of law or, more precisely, whose theory is that law does not exist. And what of the social scientists who seem to accept the theory that law is only a concept or a verbal form whose incidence in, or effect on, conduct, interpersonal relations, and institutions is merely accidental? The difficulty of assessing the consequences of such theories of law or non-law results from the fact that despite doctrinaire avowals, all of these scholars, just as did the American Legal Realists, assume the existence of actual functioning law (as norm) and its manifestations and effectiveness in very large areas of political life. They do not articulate these premises of their research and thus do not expose its incompatibility with the avowed theory of law.

Accordingly, it is possible to add relevance to many contributions phrased in terms of decision-making, the authoritative

[7] Hans Kelsen, "Science and Politics", *The American Political Science Review*, vol. 45, p. 641 (September 1951).

[8] " . . . no jurisprudence can hope for adequacy which separates the idea of law from the idea of justice." Harold Laski, *Studies in Law and Politics* (New Haven, 1932), p. 259.

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allocation of values, formal organization, power, or "control relationships of wills" by specifying the legal equivalents, assumptions and references that are implied throughout these studies. Clearly, however, no organized political discipline can be constructed so long as current nonlegal or antilegal perspectives operate. For, if legal theory which ignores the facts and values of political institutions is an affair of sheer logic and brute force, a political discipline which ignores law is apt to be an aimless speculation.

The definition of the subject matter of the legal-political discipline in terms of distinctive normative facts has important implications for theory and research. It follows, for example, that both the representatives of a strictly descriptive science of politics and those of wholly intuitive knowledge of end-seeking are correct in what they affirm but in error in what they often reject. The opposition of the two approaches and types of knowledge is an artificial one because each is suited to different jobs and both are required to construct an adequate social discipline whose subject matter includes distinctive coalescences of fact and value.[9] In sum, what goes on in legal-political processes is also, to a significant degree, what ought to go on. The theorist's functions thus include criticism of existing practices and evaluation of suggested reforms. It is equally necessary to describe the normative phases of political institutions in apt terms representing insights derived from a sensitive reliving of legal problem-solving by particular persons. It is also important to pursue more rigorous scientific methods, for example, to correlate legal-meaning situations with other significant situations and events.

Other notable consequences would flow from the union of legal and political theory. Persistent interest in legal data would open vast areas to social research which, in the present state of world affairs, are the most important of all fields of social investigation. And, as regards the advance of theory, where else are there social data comparable to the legal materials in precision, abundance, continuity in many cultures, availability

[9] See the writer's *Theft, Law and Society* (Indianapolis, 1952), especially his discussion of the relevant social theory in the Introduction to this book.

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of records and contemporaneous interpretations of what happened and what was done?

Second, the articulation of the legal relevance of political research would facilitate the progress of the discipline. Studies of administration are given direction and they find points of reference and standards in relevant rules of law—even when administration completely flouts the rules. So, too, many far-ranging researches in communication, propaganda, political parties, voting, and leadership would attain definite theoretical significance if they were formulated in terms of direct reference to the sound legal solution of social problems, evidenced in legislation, adjudication, administration, and enforcement.

Third, there would become available a body of legal concepts which could be of considerable assistance in social analysis. These concepts have in modern times been the principal interest of the Positive School. But there is no reason for their being so confined, for they comprise an ontology which has a very long history, and it would acquire new, more significant meanings if the legal concepts were thoroughly explored by social scientists. A juxtaposition of legal concepts, such as right, duty, power, liability, privilege, and political theories would stimulate speculation in promising directions, for example toward a nicer discrimination of power relations.

Many of the most important concepts—property, crime, tort, contract, family, procedure, administration, public, and private—are discussed in Plato's *Laws* and their survival into the present indicates that they do not exist in a vacuum but are embodied in conduct and institutions which thus become distinctive facts. A critical reëxamination of nonlegal discussions of contract, property, liberty, and so on, in close contact with available legal analyses could be illuminating. Other basic ideas such as act, event, cause and sanction, and psychological categories such as intention, recklessness, negligence and accident, have been critically explicated not only by Aristotle but also in a vast legal literature in the context of efforts to solve specific problems. It is not implied that this literature can in its present character be lifted into a twentieth-century legal-political discipline, but rather that its suggestiveness is of paramount importance in the creation of such a discipline.

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Fourth, legal classifications represent important achievements in systematization, which is rare in social science. Placed in social contexts and interpreted imaginatively, these classifications might provide the groundwork for organization of the legal-political discipline.[10] This does not imply that the laws in the books are always actually and fully represented in conduct and institutions. Indeed, the investigation of degrees of correspondence or divergence, of nullification, and of desuetude would become a principal function of the political discipline. Nor should it be assumed that the meaning of such basic conceptions as "contract" and "property" has not changed through the centuries or in relation, for example, to free enterprise and centrally planned economies. There is a dynamics as well as a core of fixed structure in legal meanings, and a cultural history of their evolution would be an important adjunct to classifications of the data.

Fifth, in studies of laws and legal institutions, whose contents and order exhibit unmistakable evidence of careful valuation and other thoughtful activities, it is practically impossible to confine theory to observable data and to generalizations regarding them. Even a high degree of sophistication could hardly escape some notice of the purposes, uniformity and impersonality of law and the rational functions of legal procedure. No less prominent are the sustained efforts to achieve disinterested resolutions of conflicting interests[11] although, obviously, that is not the whole story of law. Any formulation of the relevant value problems must therefore include the more subtle aspects of problem-solving, especially the sacrifice of some values in order to preserve or attain others. This implies the defense of "right law", not as a mere preference, but on objective grounds. It also implies the exclusion of behaviorism and crude operationalism, although empirical investigation of the external aspects of legal-political data becomes especially significant precisely

[10] The writer has discussed this and related problems in "Some Basic Questions Regarding Legal Classification for Professional and Scientific Purposes", *Journal of Legal Education*, vol. 5, p. 329 (1953).

[11] "Law means precisely a judgment of right and wrong. . . ." John Dickinson, "Social Order and Political Authority", *The American Political Science Review*, vol. 23, p. 616 (May–August 1929).

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when and because they are viewed in relation to the nonobservable components of the normative subject matter.

Three types of unification of political and legal theory have been suggested in the above discussion: (1) unification of the thinking of the theorist, exhibited in uninhibited investigation of legal-political problems, that is, investigation which does not assume that eternal verities are embodied in current allocations of certain data, ideas and theories to a particular discipline or specialty. Stated objectively, unification here is in terms of a problem. It means working with whatever knowledge and methods are relevant to the solution of a legal-political problem, regardless of present disciplinary labels. (2) Unification includes organization of the knowledge, thus acquired. And (3) this unification looks finally to a reordering and classification of social science, rendered possible by the fact that the legal-political institutions and categories are the most inclusive of all social categories and institutions. The supporting reasons are factual and theoretical. That the legal-political institutions cut across all of social life has been frequently observed.[12] The theoretical ground is supplied in the recognition and analysis of legal-political data as coalescences of distinctive form, fact and value. Since this means that all of science, logic, ethics and ontology, that is, all knowledge, is relevant to the legal-political field, the ultimate goal of the theorist who surveys that domain is to construct a world perspective from his vantage point.

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[12] "Law, in a word, is a general mode of action which ranges over all places where a uniform rule is possible, and which touches, as it ranges, every sort of thing. . . ." Barker, *op. cit.*, p. 82.

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ECONOMIC POTENTIALITIES OF THE CENTRAL AFRICAN FEDERATION

I

DURING the past few years, while decision regarding federation of the British Central African territories lay in the balance, discussion along economic lines was largely concerned with the arguments for and against such federation. But, because the political implications appeared to be of such overweening importance, as they may well continue to be now that the decision to go forward has been reached, even the economic base for federation was not thoroughly analyzed and debated.

The most frequently stated proposition in favor of federation was that the three countries—Northern Rhodesia, Southern Rhodesia and Nyasaland—were economically interdependent. The more important examples of this complementary position were given as: the supply of Southern Rhodesian coal from Wankie to the great Copperbelt of Northern Rhodesia; the migration of labor from Nyasaland and Northern Rhodesia to the farms, mines and industries of Southern Rhodesia; the supply of cotton from Nyasaland to Southern Rhodesia and the subsequent sale of cloth and clothing to Nyasaland and Northern Rhodesia; and, finally, the dependence of Northern Rhodesia on the rail line through Southern Rhodesia and this line's complementary need for the mineral traffic from its sister country.

Those opposed to federation have tended to minimize the importance of intraterritorial dependence, pointing out that internal trade among the three countries was only about 5 per cent of total trade. Futhermore, it could logically be argued that such intragroup trade could easily be continued and expanded under trade agreements without any political federation. The proposition that joining would, through greater diversity, reduce vulnerability to a depression was countered by the suggestion that such a depression would probably affect all commodities, and that the benefits of diversity were thus exaggerated.

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An argument of some cogency supporting federation was that the greater size of the unified area would make it more attractive to foreign investors, particularly to Americans. It was also pointed out that long-term savings would result from the unification of a number of governmental functions. Most of the economic and physical problems of the area are common to all three countries, so that centralized research is undoubtedly desirable, while administration of such activities as forestry, geological surveying, fisheries development, and so on, could well be more closely coördinated.

Possibly the most telling point in favor of federation, and one that was surprisingly little used, was that, under federation, the area would tend to be developed as a unit whereas, lacking cohesion, each country would tend to go its own way, often with unnecessarily competing activities. Particularly in the field of transportaion is there need for planning on a broader base, and the multi-purpose development of the Zambesi River, the boundary between the two Rhodesias, provides an obvious case where unified action will be required.

II

Now that federation has been decided upon, there is need to take a broader look at the area and to attempt an assessment of its major economic problems and its potentialities. The fact that there will be, at least for some years, a relatively high retention of separate governments—that this is federation, not unification—may well reduce the degree of economic unification, but it must be assumed that economic barriers will not rise within the area and, therefore, that an economic analysis of the area as a whole is justified.

Before examining any individual field of economic activity it is well to assemble certain background data. The total area involved is about 486,000 square miles, nearly one sixth of the size of the United States. It is inhabited by approximately 6¼ million Africans, 200,000 Europeans and 20,000 others, mostly Indians. The African population is very roughly divided among the three countries, which means that Nyasaland has by far the greatest density. Subtracting its Lake Nyasa area,

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that country has a density of about 63 per square mile; Southern Rhodesia has about 14 per square mile, while Northern Rhodesia has only 6½ per square mile. None of these densities is high, but there is congestion in a number of areas, such as the southern shore of Lake Nyasa and some of the Lake Bangweulu islands in Northern Rhodesia where densities of 300 per square mile are found, and in much wider areas there is overpopulation under the present agricultural systems. It was estimated in 1950 that the African population in the two Rhodesias was increasing at a rate that would double the population in 25 years.

Southern Rhodesia has three quarters of the European population of the area, and immigration to that country has been very rapid in post-war years, so that the 1952 European population of 152,000 was almost 2½ times as great as in 1939. Northern Rhodesia has somewhat over 40,000 Europeans with a heavy concentration on the Copperbelt. It is confidently predicted that the European population, particularly in Southern Rhodesia, will continue to expand with rapidity, though housing and transportation problems may necessitate a slow-down in the immediate future.

The bulk of the Rhodesias is situated on the plateau of Central Africa. Elevations in Northern Rhodesia range between 3,000 and 5,000 feet above sea level, except along the Luangwa trough and the Kafue and Zambesi Valleys. In Southern Rhodesia, a belt of land above 4,000 feet runs nearly across the country from Southwest to Northeast. This area, which is about one fifth of the country, contains most of the European population, and is the economically more advanced portion. From this region of "high veld" the land drops off through a broad "middle veld" to the "low veld" of the Zambesi Valley in the Northwest and of the Limpopo and Sabi basins in the Southeast. Nyasaland is composed mainly of plateaus and highlands ranging from 3,300 to nearly 10,000 feet, plus a portion of the Great Rift Valley occupied by Lake Nyasa in the North and by the Shiré River in the South. The lower Shiré Valley, with an elevation of only 200 to 300 feet, is the lowest part of the territory. From the standpoint of size alone, there would appear to be ample room for the present population and for a considerably expanded

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one; and there is an adequate range of elevation to permit great diversity of crops, from tropical and subtropical to middle latitude varieties.

III

Because of the pervasive influence of transportation, it is desirable to present a brief overview of the present position before turning to the productive economy of the area. The existing rail lines and roads have been entirely inadequate in post-war years to meet the demands made upon them. This has resulted in temporary shut-downs of Copperbelt mining, in the accumulation of sizable chrome ore and other mineral stockpiles, and in the rationing of power, and it has contributed to the great shortages of building materials. Obviously, any expansion of the economy must be predicated upon improved transport facilities and equipment. The fact that the area is entirely landlocked complicates the picture, requiring improved facilities in adjoining territories as well.

Nyasaland is served by one rail line running from Nyasa to the port of Beira in Portuguese Mozambique, plus a north-south trunk road in process of improvement and, of course, Lake Nyasa itself. The backbone of the whole transportation system of the Rhodesias is the rail line from Beira to Salisbury, Bulawayo, Livingstone, Lusaka and the Copperbelt. The Rhodesias have alternate routes to the coast, southward through Bechunaland to the Union, and westward through the Congo and Portuguese Angola to the port of Lobito on the Atlantic. The former line is light, and distances to ports are excessive, but it is important in traffic between the Rhodesias and the Union. The line to Lobito must be shared with the Congo, but long-standing agreements between the copper-mining companies and the Rhodesia Railways result in the bulk of Copperbelt traffic being shipped via Beira.

An important new rail link is now under construction, connecting the present line near Gwelo in the Midlands of Southern Rhodesia with the excellent port of Laurenço Marques in Mozambique, entailing a construction of about 200 miles of line

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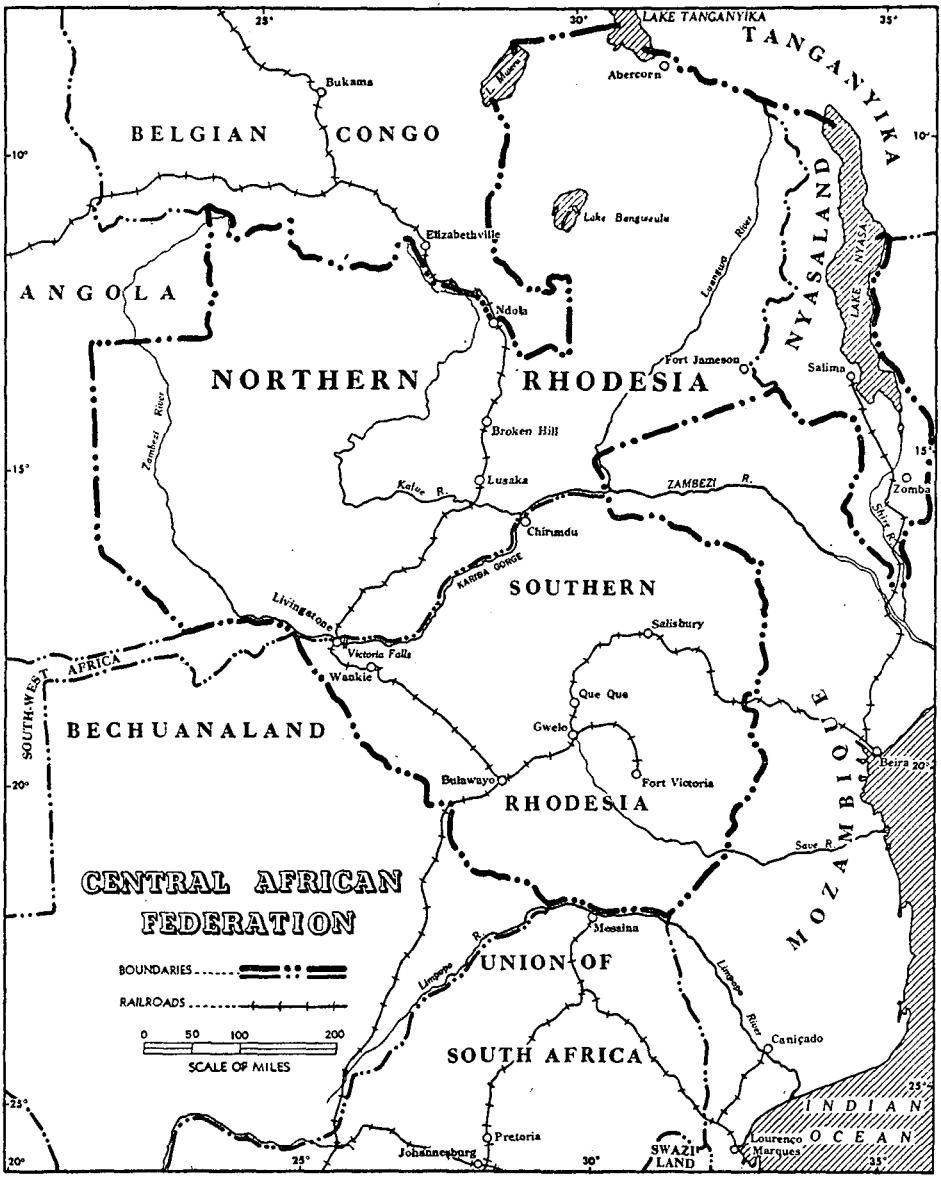

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in each of these two countries. Significant advantages of this line include the tapping of a new port, which should reduce congestion at Beira, and the potential opening up of an undeveloped corner of Southern Rhodesia which includes some excellent country and some areas suitable for irrigation.

The trunk roads of the Rhodesias parallel the rail line, and there is a direct connection between Salisbury and Lusaka. All of these routes are being improved, as is the Great North Road to the relatively neglected eastern lobe of Northern Rhodesia. Contact with this part of Northern Rhodesia is somewhat handicapped by the extension into the country of the Katanga pedicle of the Congo, while contact between Nyasaland and Southern Rhodesia is similarly affected by the extension of Mozambique territory up the Zambesi Valley.

For the future, it will doubtless be necessary to double-track the railway from Salisbury to Beira, to make a more direct rail connection from Salisbury to Lusaka and to improve the road facilities in the northwestern and northeastern parts of Northern Rhodesia. Eventually, it may prove practicable to join therail system of Northern Rhodesia to that of Tanganyika, but this should not be attempted until the potentialities of the area traversed are more apparent. Interests in Northern Rhodesia would also like to see a new line to the Atlantic, perhaps to Porto Alexandre or Mossamedes in Angola.

The Central African Airways gives adequate air coverage within the territory and makes connections with the Union and with British East Africa, while Livingstone has an airport of international importance.

IV

Turning to the productive economy of the region, the position and potentialities of agriculture claim first attention. It takes but a brief examination to reveal the relative poorness of the area for intensive agricultural pursuits. The basic physical handicaps are the climatic and soil characteristics of the area. The highly seasonal pattern of precipitation, with rainfall almost entirely confined to the summer season, means that cropping is confined to this one season unless irrigation can be applied. Secondly, the relatively small total precipitation over the bulk

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of the region suggests that cropping areas are restricted, and that the larger portion is suitable only for a less intensive grazing. A third major climatic handicap is the high degree of unreliability in the rainfall: unreliability in onset of the rains, in their duration, in the distribution within the season, and in the total amount. This is closely reflected in the wide variance in crop yields and in the carrying capacity of pastureland. Yields of corn, the staple food crop, fluctuate widely, and imports of corn consequently vary sharply from year to year. In the period 1945–1950, for example, the lowest imports of corn to Northern Rhodesia were 63,000 pounds and the highest 56,983,000 pounds. Low yields, furthermore, not only are a result of low precipitation, but may be occasioned by excessively wet seasons.

Precipitation varies considerably with altitude, aspect and latitudinal position, and, in the future, these differences will lead to more clearly defined agricultural regions than now exist. The atypical areas, such as the lower lands of the Zambesi, Shiré and Sabi Rivers, or the higher lands of Nyasaland, will be looked to for specialized production to bring greater variety to the agricultural pattern.

Temperature characteristics are, in contrast to precipitation, unusually favorable. High temperatures usually associated with the tropics are considerably modified on the high plateaus, and the light ground frosts which are likely during the winter at higher altitudes impose few limitations on the range of crops which may be grown. On the other hand, the prevailing high temperatures below 2,000 feet permit the production of such tropical lowland crops as sugar.

Although soil surveys are entirely inadequate as yet to permit any sound quantitative judgments, it is generally accepted that by far the largest part of the area has mediocre soils. There is a widespread deficiency of available phosphates, and the structure of most soils tends to deteriorate rapidly when they are subjected to cultivation. Loss of structure is in turn followed by a sharp decline in productivity and by increased susceptibility to erosion. In general, the soils derived from the ancient rocks of the plateau are shallow and infertile, while it is mainly the younger soils of the lowlands and valleys that are really productive.

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The primary result of the combination of soils and climates is that only a very small part of the area may be favorably classified for intensive arable-mixed farming, while the bulk of the area, perhaps two thirds, is suitable only for grazing. It is safe to say that the most important physical problem facing the federation is proper utilization of its land surface. But a speedy solution must not be expected. In the meantime, land practices and certain economic forces are not, at present, conducive to the maintenance of what quality does exist. A few examples will suffice to indicate the breadth of the resulting problems.

In considerable parts of Rhodesia the Africans engage in *chitemene* cultivation, which has many varieties, but the essential common feature of which is the practice of lopping branches or felling trees over a wide area surrounding the actual garden and then burning them on the garden. Depending chiefly upon quality of the soil, between 200 and 500 acres are required for the continued subsistence of a family of four. Burning destroys weeds, makes clay soils more friable and provides a fertilizing ash. But modern conditions have, unfortunately, led to the degeneration of this and other traditional farming systems. Partly because of the absence of from 40 to 70 per cent of the males, who migrate to the mines, industries and European farms, the original system of annual garden extension has often been abandoned, even when there is more than ample land. Secondary crops are often neglected to the detriment of nutritional standards. In some areas, degeneration has resulted from the expansion of population and the consequent shortening of the bush or grass fallow which, on the old rock soils, should probably be close to twenty years. These phenomena are by no means confined to British Central Africa; to an extent they represent a somewhat inevitable effect of the introduction of a modern economy. But the degradation of large areas must be recognized as a problem of major import, and appropriate steps must be planned to offset its deleterious effects. An increased disharmony between rural and urban areas may otherwise prove to be a serious barrier to continued development in any sphere.

European farming practices also leave much to be desired.

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The most important areas are in the "high veld" of Southern Rhodesia, especially around Salisbury, and along the railway belt in Northern Rhodesia; lesser areas are in the southern highlands of Nyasaland, in adjacent areas of Northern Rhodesia centered on Fort Jameson and in the extreme North around Abercorn. Although a broad range of crops can be grown in these areas, there has been a high degree of concentration on a limited number.

Export crops, because of distance to the sea and to eventual markets, are restricted to those of high value per unit weight. The important crops with foreign markets are tobacco in all territories, and cotton, tea and tung from Nyasaland. Of these, Europeans produce most of the tobacco and all of the tea and tung. Tobacco is the most important export crop of all three countries, tobacco and tobacco products comprising close to half of Nyasaland's exports by value, and 35–40 per cent of the much larger Southern Rhodesian exports. Tobacco makes heavy demands upon the soil and there has not been adequate compensating fertilization. There is adequate land for expansion of production, but the future must see proper rotational and fertilization practices. A subsidiary disadvantage of the concentration on tobacco has been at least a partial neglect in the production of a satisfactory food supply.

Larger quantities of corn, the African staple food, are also produced on European farms. Improper cultivation of this crop can be highly contributive to soil erosion. The present form of land use, then, particularly in the central tableland of Southern Rhodesia, endangers not only the future of the higher lands but, by the washing down of eroded soil, the potentialities of the lower parts of the country as well. Other problems include the excessive congestion in certain areas, the inadequacy of African techniques, the evils of grass-firing, and the shortage of domestic and stock water points.

These agricultural and land-use problems speak eloquently the need for increased attention if this portion of the economy is not to become limiting to over-all development. Future emphasis in areas suitable for cropping should probably be upon mixed farming, because, with poor soils, any transformation to

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permanent cultivation will require composting with cattle manure. Furthermore, the over-all quality of the area would suggest that livestock farming must eventually assume a very important part in the area's economy, primarily because of climatic limitations on tillage agriculture. Cattle are at present virtually excluded from about five eighths of Northern Rhodesia because of the presence of the tsetse fly, but close to nine tenths of Southern Rhodesia is fly-free and it is reasonable to predict that progress in combating trypanosomiasis may well open up the entire area.

Phosphatic fertilizers may also be made available in the future from large deposits of apatite at Dorowa in Southern Rhodesia, while nitrogenous fertilizers might be produced by fixation, using the cheap power from one of the proposed hydroelectric developments. Meteorological, soil and ecological surveys should disclose the capabilities of lands at present but little used. In particular, lowland areas with sedimentary or alluvial floors, such as the Luangwa trough in Northern Rhodesia, need studying. Even the soils of the upland old-rock areas vary considerably, while the soils of Nyasaland have greater variety than those of the Rhodesias; the better areas in all three countries need careful delineation.

The over-all shortage of water, particularly during the winter months, makes obvious the desirability of studying irrigation potentialities, which are not inconsiderable. A major project has been proposed for the Shiré Valley in Southern Nyasaland which, in addition to the production of electric power and to stabilizing the level of Lake Nyasa to the advantage of transport and fisheries, would make possible the irrigation and reclamation of about 400,000 acres in Nyasaland plus additional acreage in Mozambique. In Southern Rhodesia, between 300,000 and 400,000 acres of the Sabi-Lundi area in the Southeast might eventually be brought under irrigation by the erection of a dam at Condo on the Sabi River. The recently completed Hunyani Poort Dam near Salisbury will permit the irrigation of about 2,000 acres below the dam. An area near Chirundu, where the Salisbury-Lusaka road crosses the Zambesi, is now being investigated to determine the practicability of producing sugar

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under irrigation, while erection of the proposed hydroelectric installations, either the Kafue Project or particularly the Kariba Gorge Project on the Zambesi, would provide water for irrigation of very sizable areas of the Zambesi Valley. In Northern Rhodesia there are interesting possibilities in the Luangwa Valley for irrigation of extensive lands for the growing of sugar, rice and other crops.

On the plateau surface, increasing attention will be given to the potentialities of the swampy areas, both the very large ones and the smaller "dambos" and "vleis", areas of impeded drainage. The seven largest swamps and adjacent plains in Northern Rhodesia total 13,754 square miles, or no less than 6 per cent of the country. Just what the appropriate combination of uses should be in these areas will not be known until they have been much more thoroughly studied, but it is reasonable to believe that, with their apparently excellent soils and with an excess of water, the effects of proper control will be highly rewarding.

A rather special interest in the production of food attaches to fishing. It is carried on to some extent in all the larger lakes and swamps, but would appear to be capable of very great expansion, which would be highly beneficial to a population with a diet generally deficient in proteins and calcium. Fish farming could gradually become of real importance, with yields of 300–500 pounds per acre per year to be expected.

V

In secondary industry, the area is, as might be expected, in an early stage. Industry in Nyasaland is confined almost entirely to the primary processing of agricultural produce; that of Northern Rhodesia is concerned chiefly with the concentration, smelting and refining of minerals, but Southern Rhodesia displays surprising industrial variety, with some representation in most important fields. An indication of the rapid progress being made in Southern Rhodesia is revealed in value-of-production figures, which rose from £4½ million in 1938 to £29½ million in 1949 and to an estimated £73 million in 1952.

A number of influences strengthen the desire to industrialize, including the high cost of imported manufactures, the inability

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to obtain desired goods during the war and early post-war years, and the wish to provide employment for increased numbers of immigrants. The fact that agriculture cannot be expected to absorb really large numbers of Europeans, in view of the use of African labor, places greater emphasis on industrial development than might otherwise be expected.

The small size of the market would appear to set definite limits on the size of the industrial establishment. Even if the European population, with an average high standard, triples or quadruples in the next quarter-century it will still be too small to support certain types of industrial enterprises. This could provide a strong incentive for upgrading the African standard, for it is only the indigenous people who will supply a potentially large market. It would not appear that opportunities for export of manufactured products are great, except for certain items processed or semi-processed from domestically produced agricultural and mineral raw materials. Adjacent Portuguese territories may possibly provide some market, but competition with South Africa will be difficult, as it will probably be with the Congo and East Africa, both of which have plans for industrial development.

As for labor, the rapidly increasing population should provide an adequate supply, but only if the present prodigal use is abandoned. There are constant complaints in the territories of a shortage in unskilled and semiskilled African labor, but a large part of this shortage is more apparent than real. With greater rationalization of farming, construction and industry, and with a reduction in the excessive number of domestic servants, there would be no serious problem. If approached with the proper perspective, the so-called shortage can be of tremendous value to the area, for it means that there is opportunity to upgrade the African and to set a goal higher than that of a largely self-subsistent peasantry. Shortages of artisans, of skilled labor and of managerial talent may, on the other hand, be restrictive influences in the years ahead.

The greatest single problem involving labor, and one of the most serious in the entire economy, is the existence of the "color bar", which effectively restricts Africans from rising beyond a given level in industry, mining and other pursuits. Maintaining

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such a barrier indefinitely is impossible and there is no moral or economic justification for its existence today. The Dalgleish Commission, studying the "color bar" maintained by the European Mine Workers' Union on the Copperbelt of Northern Rhodesia, recommended in 1948 that certain types of work exclusively performed by Europeans should progressively be opened to Africans, but the government was unsuccessful in effecting any change. In the spring of 1953, two of the large copper companies publicly notified the European unions that the restrictive clauses would cease to be honored by the companies in the future, a most interesting example of mining interests taking the lead over the government. What the outcome of this situation will be is difficult to predict, but it is not difficult to forecast that, unless constructive moves are made, the whole Federation will founder on the rocks of the racial issue.

The shortage of adequate fuel and power has been a severe problem in the Rhodesias in post-war years, requiring expensive and undesirable substitution of wood for coal, periodic slowdowns or stoppages in copper mining and the rationing of power usage. Although knowledge regarding coal reserves and hydroelectric potential is still somewhat sketchy, enough is known to indicate that the power and fuel position is quite adequate to support industrialization.

Coal is now produced only at Wankie, 68 miles southeast of Victoria Falls. Reserves there are estimated at 5,200 million tons of bituminous coal, a considerable portion of which is of coking quality. Much of the Wankie coal lies close to the surface; seams run up to 26 feet in thickness and the pit-head price of coal is now only about $2.80 a ton. Output in 1952 was 2.8 million tons, and a production of 5 million tons is planned by 1955. The Lubimbi area, 50 miles east of Wankie and about 30 miles north of the rail line to Bulawayo, has been under intensive investigation in recent months and may be the second coal field to be exploited. It is likely, in fact, that coal is present along both sides of the Zambesi for very considerable stretches. Investigations on the Northern Rhodesia side have been disappointing, though drilling on the escarpment at Gwembe has revealed a number of seams which may indicate the existence of a valuable coal field. Coal also is present in a large area in

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the southeastern part of Southern Rhodesia. There are two known coal fields in Nyasaland: one in the Vipya Mountains near Livingstonia in the Northern Province, the second at Sumbu in the extreme South. In total, the coal reserves of British Central Africa are probably immense, certainly much greater than the 7¼ billion tons listed as "probable reserves". It is unlikely, however, that more than a small percentage will prove to be of coking quality.

The hydroelectric potential of the area is also very great and a number of large-scale projects are under intensive investigation. The area is handicapped by the marked seasonality in régime of even the larger rivers, but the very considerable potential heads and some excellent sites for storage are compensating factors. At present, most power is produced from carbo-electric plants, though Broken Hill obtains power from the Mulungushi and Lusemfwa Rivers and Livingstone from Victoria Falls.

The schemes receiving greatest attention are the Kafue River and Kariba Gorge Projects of which it is likely that the Kafue will be the first developed. The Kariba Gorge on the Zambesi above Chirundu would have an eventual installed capacity of 1,088,000 kilowatts while the Kafue, only about 50 miles from Kariba Gorge, would be only about one-third as big. But the Kafue could be completed at a considerably earlier date and would cost less than the Kariba. Disadvantages of the Kafue Project, on the other hand, are that demands from the Copperbelt and Southern Rhodesia will leave little if any excess power available after its completion and that comparable possibilities for irrigation are lacking. Both of these projects are attractive and, given a continued rapid economic expansion, it is only a matter of time before they both will be developed. Other excellent sites can later be developed along the Zambesi and its tributaries, on the Murchison Cataracts of the Shiré in Nyasaland, and on the Chambezi headstream of the Congo. The new Federation is, then, highly favored as far as power potential is concerned. Electricity is already available at relatively low cost because of the abundance of cheap domestic coal, and should be greatly reduced in cost with the proposed hydroelectric stations.

The territory is also well endowed from the standpoint of industrial raw materials. In the agricultural sphere, cotton,

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sugar, vegetable oil, tung oil and food production can be expanded. In forestry, the Rhodesian teak forests of the Livingstone-Shesheke districts support one of the largest hardwood saw-milling plants south of the equator. The mills are, next to mining, the most important industrial undertaking in Northern Rhodesia. However, the bulk of the forested area of all three countries is in poor-quality savanna woodlands, and large imports of timber must be expected to continue. Increased attention to the planting of forest reserves, however, might well reduce the needs for this bulky import. Trial plantings of tropical pines at Ndola are reported to show favorable progress.

Mineral raw materials are tremendous and varied, but, for many years, greater importance will attach to them as exchange-earners than as raw materials for Federation industry. Production on the Copperbelt, one of the world's important sources of copper and cobalt, occupies a predominant position in the economy of Northern Rhodesia and will continue to be called upon to meet a large portion of necessary imports for an expanding economy. Without the Copperbelt, in fact, there probably would have been little incentive for Southern Rhodesia to support federation. Reserves on the Copperbelt are adequate for many years; several untouched ore bodies are known, and other large areas being prospected appear very favorable. There is also a good possibility that the area may become an important source of uranium ore. Not only will mining be expanded in this belt, but the refining of minerals will receive further attention as power becomes available.

Other important minerals are lead, zinc and vanadium at Broken Hill, Northern Rhodesia, chrome ore and asbestos in Southern Rhodesia, all capable of great expansion, and gold in Southern Rhodesia, production of which is declining. There are also known deposits of pyrochlore (columbium), tungsten, tin, bauxite, mica, pyrites, apatite and others. Much of the area, furthermore, remains to be adequately surveyed by modern techniques.

Particular importance from the industrial standpoint attaches to the reserves of iron ore. Here again, available information suggests a very favorable position. Large but undetermined reserves lie in widely distributed parts of the basement schists of

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Southern Rhodesia. Mining is thus far confined to an open-pit operation at Riscom, near Que Que, to support the pilot-plant iron and steel mill of the Rhodesian Iron and Steel Commission there. Iron ore also occurs in small hill outcrops west of Lusaka and in the range of hills west of Mumbwa in Northern Rhodesia, but proposals to erect a small iron and steel mill at Lusaka do not appear practical at this time.

The potentialities of development in the Federation are sufficiently attractive to invite large-scale investment, providing the human problems can be solved. The International Bank for Reconstruction and Development has made two large loans, one for power development, the other for rail expansion and improvement. The Economic Co-operation Administration and the Mutual Security Agency have made sizable grants, and private American interests are involved in the Copperbelt. Demands for capital will continue high and should greatly increase. There will, however, be shortages and delays in many fields, which must be considered inevitable in an economy expanding with such rapidity. Temporary recessions in export prices may also cause distortions, but this should not be permitted to detract from long-term prospects.

In conclusion, it may be said that the new British Central African Federation has, on the whole, excellent potentialities for economic expansion. The weakest link is the agricultural base, though continued high production of valuable export crops is possible, as is a greatly expanded output of food crops and a considerable diversification in production of vegetable raw materials. The remarkable metallogenetic zone of the Copperbelt and other substantial mineral reserves can readily be exploited further to yield exchange and provide industrial raw materials. Finally, there is room for expansion in many secondary industries, and there is a power, fuel and raw material base adequate to justify a fully integrated economy. Optimism must be tempered, however, unless a more enlightened attitude among white settlers and miners toward African advancement and participation is evolved.

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THE REPUBLICANISM OF JAMES MADISON

BECAUSE modern scholarship has not yet assimilated the brilliant work of certain recent students of James Madison he remains one of the least understood of major American political thinkers.[1] The frequently distorted picture of his political philosophy as a whole is not attributable to total neglect but rather to a myopic preoccupation with certain aspects of his thought at the expense of his dominant republican ideology.

This article emphasizes an extremely important but usually ignored or minimized component of Madison's political thought—that relating to the anti- and pseudo-republican danger. In it I will try to correct the undue concentration on Madison's criticism of republican vices and the Confederation's "mortal diseases"; the partial misunderstanding of his "puzzling shift" from Federalism to Republicanism; and the misreading of his alleged states' rights philosophy. I will seek to demonstrate that, if Madison's dominant republican orientation and his life-long recognition of the dangers of anti- and pseudo-republicanism are brought into clearer perspective, any basic inconsistency between his Federalism and his Republicanism disappears. I will attempt to make clear that his early effort to strengthen and invigorate the powers of the central government, his later fight against some of the leading features of the Federalist program, and his still later—and much neglected—opposition to the doctrines of nullification and secession appear as parts of a common and conscious endeavor to establish and maintain

[1] See especially the works of Irving Brant: *James Madison: The Virginia Revolutionist* (New York, 1941); *James Madison: The Nationalist* (New York, 1948); *James Madison: Father of the Constitution* (New York, 1950); *James Madison: Secretary of State* (New York, 1953); "James Madison and His Times", *American Historical Review*, LVII (July 1952), 853–870. See also Douglass Adair, "The Intellectual Origins of Jeffersonian Democracy", unpublished doctoral dissertation (Yale, 1943); *id.*, "The Authorship of the Disputed Federalist Papers", *William and Mary Quarterly*, 3d. ser., I (April and July 1944), 97–122, 235–264; and *id.*, "The Tenth Federalist Revisited", *ibid.*, 3d. ser., VIII (January 1951), 48–67; Adrienne Koch, *Jefferson and Madison: The Great Collaboration* (New York, 1950); Edward McNall Burns, *James Madison: Philosopher of the Constitution* (New Brunswick, 1938); and Abbot E. Smith, *James Madison: Builder* (New York, 1937)

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republican government in a federal state. I will indicate some plausible grounds for calling Madison "The Philosopher of Jeffersonian Democracy" (if anyone can be so called). And, finally, I will suggest another—a fuller—sense in which Madison should be viewed as Father of our republican Federal Union.

I

For Madison[2] a republic was a government which derived "all its powers directly or indirectly from the great body of the people" and which rested "on the capacity of mankind for self-government."[3] In republican theory, if not always in republican practice, it was "politic as well as just that the interests and rights of every class should be duly represented and understood in the public Councils."[4] It was also a fundamental republican principle "that men can not be justly bound by laws in making which they have no part."[5] A republican government was one which was "administered by persons holding their offices during pleasure, for a limited period, or during good behavior."[6] Even during this "short duration of their appointments" to government "the trust should be placed not in a few, but [in] a number of hands."[7]

The "fundamental" and "vital" principle of such republican government was "*lex majoris partis*, the will of the majority";[8] and the "majority who rule in such governments" were regarded

[2] The most complete edition of Madison to this date is *The Writings of James Madison*, edited by Gaillard Hunt (New York, 1900–1910). This edition, hereinafter cited as Hunt, is by no means complete and should be supplemented by *Letters and Other Writings of James Madison* (hereinafter cited as Cong. Ed.) (Philadelphia, editions in 1865 and 1884); *The Papers of James Madison* edited by H. D. Gilpin (1840); *The Federalist;* pertinent volumes of E. C. Burnett's *Letters of Members of the Continental Congress;* Henry Adams' edition of *The Writings of Albert Gallatin* (Philadelphia, 1879); and material recently reprinted in the *William and Mary Quarterly.*

[3] *The Federalist,* No. 39, p. 243. All page references are to the Modern Library Edition.

[4] *The Debates in the Federal Convention of 1787,* edited by Gaillard Hunt and J. B. Scott (New York, 1920), p. 329 (hereinafter referred to as *Debates*).

[5] *Ibid.,* p. 619, note 1.

[6] *The Federalist,* No. 39, pp. 243–244.

[7] *Ibid.,* No. 37, p. 227.

[8] Hunt, IX, 528, probably unsent letter on "Majority Governments", 1833.

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as "the safest Guardians both of public Good and private rights."[9] Such majority rule, however, must be reasonable and just; the government was not to be one of unlimited power. It was instituted to secure "life and liberty, with the right of acquiring and using property, and generally of pursuing and obtaining happiness and safety." Whenever the government should be "found adverse or inadequate to the purposes of its institution" the people had "an indubitable, unalienable, and indefeasible right to reform or change" it.[10]

Much of this general republican philosophy sounds like familiar echoes of the Declaration of Independence, of the Virginia Bill of Rights, of John Locke, of the English Bill of Rights of 1689, and of James Harrington. This observation, however, is less important than the recognition that Madison's deep and abiding commitment to republican government ensured that he would devote his energies to adapting the traditional republican house to fit the unique American scene: a comparatively huge geographic entity, newly arrived at independence, organized as a confederation, with its political components—the states—exercising substantial sovereignty. He would so devote his energies despite grave problems and sore trials that might well have altered the orientation of a weaker or a more ambitious man, a more pliant or a more dictatorial man, a more faithless or a more dogmatic man.

II

As Madison analyzed the situation, four interconnected problems confronted those who would help establish and maintain sound republican government in America. These were: (1) the potent forces of disunion inherent in the jealously "sovereign" thirteen states;[11] (2) the self-destructive features of republican government itself, either at the state level or in the government

[9] Hunt, II, 366, "Vices of the Political System of the United States", April 1787.

[10] Hunt, V, 376–377, "Amendments to the Constitution", June 8, 1787.

[11] In general, see Hunt, II, 361–369, "Vices . . ."; *The Federalist*, Nos. 18, 19, and 20; Madison's letters to Jefferson (March 18), Randolph (April 8), and Washington (April 16) on the eve of the Convention, Hunt, II, 326–328, 337–340, 344–349.

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of the Union;[12] (3) the potentially dangerous remnant of anti- or pseudo-republicans, hostile in theory and disaffected in practice to republican government. Tying these three problems together was (4) the geographic size of America, which discouraged most other advocates of a more perfect republican union and encouraged both the centrifugal forces of confederation and the centripetal forces of consolidation.[13] To keep the record clear one should note, parenthetically, that Madison was to turn the supposed vices of a large state into the redeeming virtues of an extensive republic. This paper, without losing sight of the close connection of these four problems with each other, will deal chiefly with the third.

Madison was well aware that no republican government could claim political immortality. Degeneration was a disease inherent in all governments and a republic was not immune. Government was dynamic; and movement was not necessarily upward, ever onward toward a republican utopia. Anti- and pseudo-republican forces existed, constantly exerted their pressures, made their appeals; they would exploit republican degeneration—in terms of weakness, inefficiency, abuse of power, lack of vigilance—and would bid for and wield power whenever possible. Consequently, those who would both establish and maintain a republican government must make it just, stable and popular, and its people alert.

Madison's hatred of anti- and pseudo-republicanism was as natural as his first conscious (or, indeed, unconscious) and perhaps overzealous thought and action in the turmoil of the Revolution.[14] Certain of his basic premises were eloquently stated as early as 1785, in his protest against a Virginia bill requiring payments by all for the support of Christian religion. The danger here was that the dominant legislative majority would

[12] See, for example, Madison's essay on the "Vices . . .", *loc. cit.*; his famous speech on the floor of the Convention, June 6, in *Debates*, pp. 64–65; *The Federalist*, No. 10, No. 51, p. 337, No. 49, p. 329, No. 55, p. 361; his speech in the Virginia Constitutional Convention, December 2, 1829, Hunt, IX, 358–364.

[13] See, in particular, *The Federalist*, No. 14, p. 80; and "Majority Governments", Hunt, IX, 520–528 (1833).

[14] In general, see Brant, *James Madison: The Virginia Revolutionist;* in particular, see Madison's youthful letters to William Bradford in *ibid.* and in Hunt, I, 18–21, 22–25.

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not respect the republican principle of religious liberty (as Madison understood that concept) as an unalienable right. In his *Memorial and Remonstrance Against Religious Assessments*, Madison's sense of the danger might have seemed exaggerated, but the episode illustrates excellently his typical reaction to anti-republican danger. The republican principle of the unalienable right to religious liberty must be maintained lest all our precious rights become insecure. If the legislature were permitted to exercise this power, the legislature might not stop with this violation. Indeed, the legislature might transform itself into "an independent and hereditary assembly."[15]

Actually, however, Madison's rôle as Republican Savior had been adumbrated even before his famous *Memorial and Remonstrance*. As early as 1780, in the midst of the Revolution, he had noted that a weak financial structure endangered the success both of the Revolution and of republican government. A weak financial structure weakened faith in the effectiveness of republican institutions and thus played into the hands of their enemies and false friends.

> One or two millions of guineas, properly applied, would diffuse vigor and satisfaction throughout the whole military departments, and would expel the enemy from every part of the United States. It would also have another good effect. It would reconcile the army and everybody else to our republican forms of government; the principal inconveniences which are imputed to them being really the fruit of defective revenues.[16]

Here in 1780 is the germ of one of Madison's central political themes, expressed in the Congress of the Confederation, enunciated on the eve of the Constitutional Convention, treated on the floor of the Convention, in *The Federalist* and in the Virginia ratifying Convention, *and repeated over and over again throughout Madison's whole life:* that anti-republican and pseudo-republican "innovations" might be "intruded" unless the government were organized in a just, efficient, stable way. Thus the republican experiment would be imperiled—imperiled by those forces that overtly or covertly sought a different brand of government.

[15] Hunt, II, 191, "Memorial and Remonstrance Against Religious Assessments" 1785.

[16] Hunt, I, 93.

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Because of the real danger that such men posed for the establishment and maintenance of the Republic, the Union must be so organized as to blunt their criticism. This is the major factor explaining Madison's valiant efforts to strengthen and invigorate the powers of the central government.

On the eve of the Convention he wrote: "The mortal diseases of the existing Constitution [of the Confederation] have tainted the faith of the most orthodox republicans, [and] challenge from the votaries of liberty every concession in favor of stable Government not infringing fundamental principles, as the only security against an opposite extreme of our present situation."[17]

Read out of context the foregoing might perhaps be construed as a pseudo-republican plea for concessions. But the genuineness of Madison's concern is indicated by the following remarks on the floor of the Convention:

> What we wished was to give to the Government that stability which was everywhere called for, and which the Enemies of the Republican form alledged to be inconsistent with its nature . . . . He [Madison was writing of himself in the third person] conceived it to be of great importance that a stable and firm Government organized in the republican form should be held out to the people. If this be not done, and the people be left to judge of this species of Government by the operation of the defective systems under which they now live, it is much to be feared the time is not distant when, in universal disgust, they will renounce the blessing which they have purchased at so dear a rate, and be ready for any change that may be proposed to them.[18]

In this connection one should reread the first paragraph of the Tenth *Federalist* where Madison explicitly indicates his anxiety over "the favorite and fruitful topics from which the adversaries to liberty derive their most specious declamations." Overemphasis on Number 10, as a pre-Marxist or semi-Marxist explanation of the anti-democratic, anti-majoritarian motives of the Constitutional Fathers, has tended to make many observers—erroneously I believe—view Madison's genuine concern with the "adversaries of liberty" and "a republican remedy" as clever rationalization by a frightened conservative which should

[17] Hunt, II, 326.
[18] *Debates*, pp. 95–96.

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not fool the penetrating critic long emancipated from patriotic historicism.

Finally, a statement in 1821 makes Madison's intention unmistakable:

> Such indeed was the aspect of things that in the eyes of all the best friends of liberty a crisis had arrived which was to decide whether the American Experiment was to be a blessing to the world, or to blast forever the hopes which the republican cause had inspired; and what is not to be overlooked, the disposition to give to a new system all the vigour consistent with Republican principles, was not a little stimulated by a backwardness in some quarters towards a Convention for the purpose [of invigorating a genuinely republican system], which [backwardness] was ascribed to a secret dislike to popular Government and a hope that delay would bring it more into disgrace, and pave the way for a form of Government more congenial with Monarchical or Aristocratical Predilections.[19]

Because, then, of Madison's awareness of the existence, leanings, and potential strength of anti-republican forces, he sought to forestall an anticipated reaction by establishing a more nearly perfect Union. If his fears of the anti- and pseudo-republicans did not, at the time of the writing and adoption of the Constitution, bulk as large in his utterances as his jeremiads against disunion and faction, it was perhaps because the latter were more immediately real and more immediately threatening. But not for a single moment did Madison lose sight of the fact that disunion, faction, and a comparatively large geographical area provided ammunition to the enemies and false friends of the republican experiment and strengthened their case against it.

With the adoption of the Constitution, the pressing dangers of disunion and faction, inherent largely in the injustice of state action, seem to have been faced and at least momentarily overcome. But other dangers had not been overcome, as Madison, appraising key aspects of the Federalist program, keenly perceived. Before the adoption of the Constitution, Madison had sought to forestall an anticipated reaction against republican government by establishing a more nearly perfect Union. Now he had to contend with the worst possible threat: the *actual*

[19] Hunt, IX, 72–73.

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effectuation of a factional program by what he deemed an anti-republican party!

This party arose, Madison contended, with the "regular and effectual establishment of the federal government in 1788." It consisted of "those, who . . . are more partial to the opulent than to the other classes of society; and having debauched themselves into a persuasion that mankind are incapable of governing themselves, it follows with them . . . that government can be carried on only by the pageantry of rank, the influence of money and emoluments, and the terror of military force." Indeed, the anti-republican party believed that to the "stupid, suspicious, licentious" people one should pronounce "but two words—*Submission* and *Confidence.*"[20]

Throughout Madison's arguments against such measures and actions as the funding of the debt, the bank bill, Washington's neutrality proclamation as defended by Hamilton, Adams' supposed "monarchical principles" and "heretical politics", and the Alien and Sedition Acts, there runs the common thread of the danger to republicanism. He feared the corruption of the public interest to the advantage of special interests, the conversion of a limited government into an unlimited one, the obliteration of basic civil liberties, the consolidation of the states into one sovereignty, the undue extension of presidential power, and—eventually—the transformation of "the present republican system of the United States into an absolute, or, at best, a mixed monarchy."[21]

It is only in the light of the actual effectuation of a factional program by an anti-republican party that Madison's somewhat restricted interpretation of those two key clauses of the Constitution—the "necessary and proper" clause and the "general welfare" clause—can be squared with his early nationalism. His natural disposition to "write large" the consequences of deviation from republican principles is unmistakable.

[20] Hunt, VI, 113–116, "A Candid State of Parties", September 26, 1792; and pp. 120 and 122, "Who Are the Best Keepers of the Peoples' Liberties?" December 20, 1792.

[21] The best summary is Madison's "Address of the General Assembly to the People of the Commonwealth of Virginia", Hunt, VI, 332–340. The direct quotation is from the "Resolutions of 1798", *ibid.*, p. 327.

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Thus he accepted as indispensable the "necessary and proper" clause but opposed any construction of it that would give Congress an "unlimited discretion". Implied powers must naturally, obviously, appropriately, directly, evidently, and immediately pertain to the Constitution's delegated powers. The tie between the delegated power and the implied power must be obvious if the government is to remain one of enumerated, limited powers. Implied powers that are merely convenient or conducive to the exercise of delegated powers are not necessary and proper. The "necessary and proper" clause should not be used to legitimatize a "distinct", "independent", "substantive", "great and important" power—in contrast to "an accessory or subaltern" power.[22]

In connection with the "general welfare" clause Madison held that there was no blanket power to spend for measures related to the general welfare but only a power to spend for the general welfare as the general welfare is explained and limited by the specifically enumerated powers of the Constitution. To Madison it made little difference whether the "general welfare" clause authorized every measure directly or whether it would merely authorize every measure for which money could be expended. Both interpretations would transfer a limited government into an unlimited government.[23]

The universal tendency to abuse power was serious enough. To allow an expansive interpretation of federal power by anti-republican forces to go unchallenged was to court suicide.

Madison's diagnosis was not, of course, limited to "misinterpretations" of the "necessary and proper" and "general welfare" clauses. For example, in protesting against the Alien and Sedition Acts, his attack virtually ran the gamut of constitutional argument. The Acts, he said, represented an exercise of power not delegated; contravened explicit prohibitions of the federal Bill of Rights; violated the principle of separation of powers; would "inflict a deathwound on the sovereignty of the States"; subverted the "general principles of free government";

[22] See Madison's speech against the bank bill. February 2, 1791, Hunt, VI, 29–34; and "Report on Resolutions", *ibid.*, pp. 383–385.

[23] Hunt, VI, 28, and 354–357.

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were not authorized by a Constitution which, it was said, embodies common law by implication; could not be sanctioned by the Preamble to the Constitution; were not a legitimate exercise of "preventive justice"; were not justified by any governmentally inherent power of self-preservation; stifled liberty under the guise of controlling the licentiousness of the press; could not be used to justify domestic tyranny under the pretext of combating foreign danger.[24]

The anti-republican danger manifest in the Alien and Sedition Acts was now clear for all to see. Madison's earlier parade of horribles, mobilized against such measures as the first bank bill, and which earlier might have been discounted as partisan exaggeration, was now too meaningful to Republicans throughout the country. The Sedition Act, in particular, was a dramatic illustration of "a power which, more than any other, ought to produce universal alarm, because it is levelled against the rights of freely examining public characters and measures, and of free communication among the people thereon, which has ever been justly deemed the only effectual guardian of every other right." The objective of Madison's attack on the wisdom and constitutionality of such legislation as the Alien and Sedition Acts, the first bank bill, and other special interest legislation, remained the preservation of a republican Federal Union, including—of course—the vital republican rights of free speech, free press, and free communication.[25]

If a touch of partisan exaggeration did characterize Madison's analysis of the Federalist party as "anti-republican", there can be no doubt that his efforts helped greatly to maintain the pure republican faith (sometimes even against Washington himself). What is more significant, Madison helped to maintain this faith in the light of the candid antipathy to some of the fruits of republican principles that appeared in America (and in strategic quarters) with the reaction against the French Revolution.[26]

[24] See Madison's lengthy "Report on the Resolutions", *loc. cit.*

[25] See the "Resolutions of 1798", Hunt, VI, 326–331. The direct quotation is on pp. 328–329.

[26] See, for example, Hunt, VI, 117, note, and 193, note. For one example of Madison's opposition to Washington, see Madison's attack on Washington's denunciation of "self-created Societies", Hunt, VI, 222–223, note.

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Later in his life, after he had retired from the Presidency, and when the "republican ascendency" seemed assured, Madison again went forth to battle against the anti-republican forces: this time against the anti-republican principles inherent in the ideology of nullification and secession. In this connection he cannot be accused of partisan exaggeration. However, his characteristic tendency to "write large" anti-republican principles, designs and actions is again unmistakable. Those who hold majority government to be the most oppressive of all governments he believed to be anti-republican. Such a "doctrine strikes at the roots of Republicanism, and if pursued into its consequences, must terminate in absolute monarchy, with a standing military force. . . ." Those who hold such a doctrine in order to attack the tariff "must either join the avowed disciples of aristocracy, oligarchy or monarchy, or look for a Utopia exhibiting a perfect homogeneousness of interests, opinions and feelings nowhere yet found in civilized communities."[27]

The consequences of the twin heresies of nullification and secession were also "writ large" in one remarkably prophetic passage which also demonstrates how inseparable, in Madison's mind, were the problems of disunion, faction, and the anti- and pseudo-republican reality. He foresaw

> . . . a rupture of the Union; a Southern confederacy; mutual enmity with the Northern; the most dreadful animosities and border wars, springing from the case of slaves; rival alliances abroad; standing armies at home, to be supported by internal taxes; and federal Governments, with powers of a more consolidating and monarchical tendency than the greatest jealousy has charged on the existing system.[28]

From the beginning of his political life to the end of his physical life, Madison was painfully aware of the dangers besetting the republican experiment. In the Virginia ratifying Convention he had declared: "From the first moment that my mind was capable of contemplating political subjects, I never, till this moment, ceased wishing success to a well regulated republican government." The last words of his last testament reveal the depth both of his fears and of his devotion to a Republican

[27] Hunt, IX, 520, 526. [28] Cong. Ed., IV, 273.

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Union: "Let the open enemy to it be regarded as a Pandora with her box opened; and the disguised one, as the serpent creeping with his deadly wiles into Paradise."[29]

III

When Madison's devotion to republican union coincided with his devotion to national union—as in the Constitutional period and in the controversy over nullification—his position was fairly consistent and extremely persuasive. When, in his opposition to key features of the Federalist program in general, and to the Alien and Sedition Acts in particular, claims made on behalf of national union conflicted with his concept of republican union, Madison retreated somewhat from his earlier nationalism and adopted a more confined view of national power. This view (despite some nationalistic shifts in the period of the Republican Ascendency) permanently conditioned key portions of his political outlook. Despite these shifts—inevitable perhaps in the realm of practical politics—Madison remained opposed not only to the selfish friends of republicanism but also to its scheming foes. Certain key premises of his republican solution remained remarkably consistent.[30]

Early in his political career, in his *Memorial and Remonstrance Against Religious Assessments* (1785), he had utilized successfully the technique of strong popular protest to rally a popular and then a legislative majority against actions threatening republican liberties. His strategy was "to take alarm at the first experiment on our liberties"; to blast the first deviation from the republican faith. Such "prudent jealousy" was

> the first duty of citizens, and one of [the] noblest characteristics of the late Revolution. The freemen of America did not wait till usurped power had strengthened itself by exercise, and entangled the question in precedents. They saw all the consequences in the principle, and they avoided the consequences by denying the principle.[31]

During his service in the Congress of the Confederation,

[29] Hunt, V, 197; and Hunt, IX, opposite 610.

[30] For Madison's defense of his consistency see his letter to N. P. Trist, December 1831 in Cong. Ed., IV, 204–211.

[31] Hunt, II, 185–186.

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and prior to, during, and immediately after the Constitutional Convention, Madison had sought to meet the anti-republican danger by establishing a strong, just, stable, popular government, which would disarm reaction by depriving it of legitimate grounds for criticism.

Despite the failures of the government under the Articles of Confederation, and even though Madison was gravely disturbed by the possibility of unjust majority rule—primarily in the states—he worked faithfully and diligently for a new, yet republican, constitution. He always held that certain republican principles and devices were necessary in order to guard against monarchy, aristocracy, oligarchy and plutocracy—as well as against mobocracy. Thus, he advocated popular ratification of the new Constitution.[32] He favored the principle of limited tenure of office.[33] He endorsed the guarantee of a republican form of government to the states, in order to "defend the system against aristocratic or monarchical innovations" and to make sure that the states "shall not exchange republican for anti-republican Constitutions."[34] He defended an electoral system which would permit the electors to be the great body of the people. "Not the rich, more than the poor; not the learned, more than the ignorant; not the haughty heirs of distinguished names, more than the humble sons of obscurity and unpropitious fortune." Similarly, speaking of the requirements of candidates for the House of Representatives, he declared that no "qualification of wealth, of birth, of religious faith, or of civil profession is permitted to fetter the judgment or disappoint the inclination of the people."[35] Fairly consistently, he supported what he called the republican principle of majority rule and firmly op-

[32] See, again, his letters to Jefferson, Randolph and Washington on the eve of the Convention, note 11 *supra;* and *Debates*, pp. 59, 497. It should be clear that Madison advocated popular ratification not only to secure a more legitimately republican union, but also a more effectively republican union.

[33] *The Federalist*, No. 37, p. 227; No. 39, pp. 243–244. Here, again, one should note that, although Madison favored this principle, he sought, in the Convention, longer terms for both Representatives and Senators in the interest of stability and competence. *Debates*, pp. 91 and 167–168.

[34] *The Federalist*, No. 43, pp. 282–283.

[35] *Ibid.*, No. 57, p. 371.

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posed minority rule based on force, money, or blood.[36] A bill of rights, which Madison was to introduce in the first Congress, was to provide yet additional protection against anti-republican onslaughts.[37] Laws, unlimited in their duration, were opposed as "dangerous to republican principles."[38] Even titles for the President and Vice-President were opposed as "degrading appendages". This was meant to "shew to the friends of Republicanism that our new Government was not meant to substitute either Monarchy or Aristocracy, and that the genius of the people is as yet adverse to both."[39]

By 1790 Madison was clearly in opposition to key features of the Federalist program. By 1792 the battle lines were clearly drawn, in Madison's mind and writings, between republicans and anti-republicans.[40] The Federalist program thus provided Madison with the spur necessary to formulate and develop more fully his theory of republican opposition, a theory which he was also to use later against the advocates of nullification and secession.

Madison's theory of opposition deserves more attention than it has received. Most students now consider the rôle of the opposing party to be as important for a political theory—especially a republican or democratic theory—as the rôle of the governing party. Although Madison attacked both the wisdom and the constitutionality of certain Federalist measures, his use of and emphasis on constitutional argument helped greatly to establish in the American political firmament the idea of peaceful change: change in accord with basic republican principles; change based on public opinion functioning through constitutional machinery; peaceful republican change which was

[36] See, for example, Hunt, II, 363, "Vices . . ."; *Debates*, p. 124; *The Federalist*, No. 43, pp. 283–284.

[37] Hunt, V, 370–389.

[38] Hunt, V, 359.

[39] Hunt, V, 355, note.

[40] See, for example, Hunt, VI, 113–119, 120–123. Too many observers have overlooked, ignored, or explained away as clever propaganda Madison's closing sentence in the Tenth *Federalist* which indicates clearly the grounds for Madison's desertion of the Federalist party: "And according to the degree of pleasure and pride we feel in being *republicans*, ought to be our zeal in cherishing the spirit and supporting the character of Federalists." [Italics added]

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impossible if the right to freedom of speech, press and communication were denied.

The very ambiguity and unorthodoxy of Madison's extreme constitutional remedy—"ultra constitutional interposition"—and his sometimes tortured construction of key constitutional clauses illustrate the lengths to which this sober-minded, scholarly man of political life would go to defend crucial civil rights against the anti-republican danger. In the *Memorial and Remonstrance* Madison had stressed the necessity of denying anti-republican principles to avoid anti-republican consequences. Now that the anti-republican consequences were dangerously manifest, he did not flinch from constitutional interpretation—albeit somewhat strained—to counter such consequences.

Madison, himself, did not take the plunge into constitutional nullification. And he later used his defense of his position in the Virginia Resolutions as a scalpel to dissect and excise the doctrine of nullification and secession. The republican opposition must still remain loyal to those principles of majority rule and aggregate popular sovereignty without which republican government could not endure.

Madison's theory of republican opposition, as he finally defended it, envisaged reliance on argument within the check-and-balance structure of our system of separated powers; fell back on orthodox constitutional intervention—impeachment, elections, repeal, amendment; retreated next to ultraconstitutional interposition—to the people in the states as the source of all legitimate constitutional authority. Beyond this appeal lay the call to revolution—which, though outside the framework of constitutional Union, was the *really* ultimate appeal by the republican opposition in defense of rights against intolerable oppression. The central purpose of such opposition was the preservation of constitutional, federal, republican Union.[41]

Madison hoped that argument—based on the merits and constitutionality of a given measure—might kill such anti-republican measures before passage. If such argument failed,

[41] The most important documents are the 1799 "Report on the [Virginia] Resolutions", Hunt, VI, 341–406; letter to Edward Everett, August 28, 1830, Hunt, IX, 383–403; and 1835 "Notes on Nullification", Hunt, IX, 573–607.

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however, Madison was prepared to fight against such measures after passage. He held, despite what may seem a suggestive flirtation with a less respectable doctrine, that public opinion, if enlightened (here with the aid of state initiative), would respond to such anti-republican measures by using legitimate techniques of electoral opposition. Petition by state legislatures to Congress for repeal of obnoxious and unconstitutional measures, requests by state legislatures to the state's own congressmen to propose constitutional amendments, petition by sufficient state legislatures to Congress to call a convention to propose amendments to the Constitution—these were some of the techniques that might be used to rid the nation of unconstitutional, anti-republican measures. Impeachment could be used against a President violating his trust. And as public opinion could result in a legislative change of mind it could also result in a judicial change of mind. Hence, the Virginia Resolutions—asking the other states to concur with Virginia in declaring the Alien and Sedition Acts unconstitutional, and calling for "interposition" and "necessary and proper measures" by other states "for cooperating" with Virginia in "maintaining unimpaired the authorities, rights, and liberties reserved to the States respectively, or the people"—could mean simply those techniques of opposition which are quite orthodox by today's standards.[42]

It must not be forgotten, however, that Madison's defense of these techniques must be appraised in the light of a contemporary denial of the right of the states to protest against the constitutionality of federal legislation; and a denial of the right and propriety of appealing a constitutional question beyond the federal judiciary. In this context Madison's defense of the freedom of the states to communicate ideas challenging the constitutionality of federal legislation, and to take the initiative in seeking change via repeal, elections and amendment, becomes not a commonplace defense of the obvious but a vindication of republican principles under challenge.[43]

Madison contended, however, that these (now orthodox)

[42] "Report on the Resolutions", Hunt, VI, 394, 402. The direct quotation from the Virginia Resolutions is on p. 331.

[43] See Madison's "Notes on Nullification", Hunt, IX, 574, 582, 594–596.

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means did not exhaust the possibilities open to the sovereign people of the states, as parties to and creators of the Constitution who could, therefore, explain, amend and remake the Constitution.[44] He maintained that ultraconstitutional interposition remained as a last resort in "those great and extraordinary cases in which all the forms of the Constitution may prove ineffectual against infractions dangerous to the essential rights of the parties to it.[45] The exact nature of this ultraconstitutional remedy—this extreme remedy to be employed only in very rare cases—still remains mysterious, ambiguous and unorthodox. Madison never spelled out its exact nature. He did indicate that such a remedy must secure a peaceful and effective decision. It cannot be employed when the oppressed are a minority and the oppressors a majority. In other words, there is no ultimate, constitutional power on the part of a minority to explain, amend, or remake a constitution. Apparently, only a majority (presumably a majority of people in a majority of states) possess this ultimate, constitutional power as the parties to and creators of the Constitution. So long as the minority stays within the Union and under the Union's Constitution, not even its desperate, oppressed position enables it constitutionally to invoke Madison's doctrine of ultraconstitutional interposition.[46]

Later, in the midst of the nullification controversy, Madison insisted that the interposition called for by the Virginia Resolutions would not justify South Carolina's nullification of federal legislation, even until such single-state nullification was overridden by three fourths of the other states in the Union. Rather, interposition called for the collective, aggregate, concurrent action of the sovereign people of the *states*.[47]

It is also extremely important to bear in mind, apropos of the nullification imbroglio, the scope of Madison's endeavor to heal the sectional breach—before the extremists could gain control and jeopardize republican Union. He relied not only on a sound republican theory—based on the concepts of the

[44] *Ibid.*, pp. 575, 583, 592, 594.
[45] "Report on the Resolutions", Hunt, VI, 351.
[46] "Notes on Nullification", Hunt, IX, 575, 592, 597–598, 606–607.
[47] *Ibid.*, pp. 576, 579, 580.

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extensive republic and republican opposition and on a united and functioning Republican party—but also on other factors. Among these were: the binding and cohesive forces of patriotic sentiment, common religious denominations, social and geographic ligaments, mutual economic self-interest, and enlightened statesmanship. Such statesmanship involved more moderate Southern leadership, a realistic and honest understanding of the true causes of the South's distress, a sane reduction of the tariff, and an equitable bearing of necessary economic burdens.[48] Unfortunately, Madison's remarkable grasp of the issues was not shared by any statesman—North or South—who commanded the ability to translate this analysis into public policy.

Madison had been willing to go pretty far in countering the anti-republican danger presented by the Alien and Sedition Acts. But always he kept his eye on the danger, using his theory of republican opposition now against the Alien and Sedition Acts, now against the doctrine of nullification and secession, but still able to face the sectional crisis constructively. In 1787, and in the nullification controversy, Madison's appraisal of the anti-republican danger spurred him on to superlative analysis and statesmanlike solution.

Madison was a strong believer in constitutional government and in constitutional resistance to anti-republican measures. But he never abandoned that republican orientation which justified revolution as the *really* ultimate remedy against intolerable oppression. In taking this stand he was simply endorsing an orthodox philosophy immortalized in the Declaration of Independence. But Madison clearly recognized that this really ultimate remedy of revolution was a natural right and not a constitutional right. It was a natural right because "intolerable oppression" of the people by government, and "abuses or usurpations" by government, released the sovereign people in the states from their obligations under the Constitution. They were thus, in good Lockean fashion, back in a state of nature because of the government's violation of the people's trust embodied in the constitutional compact. Clearly, as far

[48] See Hunt, IX, 432–433 (1831), 481–482 (1832), 520–528 (1833), 610 (1836); Cong. Ed., IV, 567–568 (1833), 298 (1833).

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as those who were intolerably oppressed were concerned, government was dissolved, the parties were in a state of nature, and might therefore use their "natural right of self-preservation" to revolt against governmental tyranny. Madison conceded that nullification was such a natural right.[49]

He was less radical in intellectual temperament than Jefferson, and it is not surprising that Madison should issue no impetuous call to revolt against intolerable oppression. Even under such conditions, he felt, one must carefully weigh the consequences of resistance and oppression. Should "power usurped be sustained in its oppressive exercise on a minority by a majority, the final course to be pursued by the minority must be a subject of calculation, in which the degree of oppression, the means of resistance, the consequences of its failure, and the consequences of its success must be the elements."[50]

Madison's central rôle as Republican Savior emerges as a cardinal conclusion of this paper. This rôle is crucial to an understanding of his thought and action. Here, indeed, is the driving force of Madison's political theory: his republican faith. Without an appreciation of this rôle, Madison's theory remains distorted and his genuine contribution to republican constitutionalism imperfectly understood. Republican ideology—not economic interest, not social class, not sectional outlook—is the key to his political thought and actions. Theoretically and practically, he was always hostile to anti- and pseudo-republicanism. He was the most original, most understanding, and most effective champion of republicanism against its enemies. For this alone, Jeffersonian Democracy owes Madison a debt which has not been sufficiently acknowledged.

Madison emerges, too, in a new light as the Father of our *republican* Constitution *in the first five decades of our national life.* He stands forth not only as a major architect and champion of the strengthened instrument of 1787. He appears also as Father of a republican constitutionalism which embraces the concept of equal rights for all and special privileges for none;

[49] "Notes on Nullification", Hunt, IX, 574, 588–591.

[50] *Ibid.*, p. 597.

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a government of broad but limited powers; a Constitution within the framework of which a vigilant, hard-hitting but loyal opposition might function; a Constitution dedicated to federal Union because union was the necessary condition of the Republican Experiment.

NEAL RIEMER

THE PENNSYLVANIA STATE UNIVERSITY

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BENELUX IN THE BALANCE

AMONG the numerous post-war schemes of European economic integration none has a longer and more significant history than the Benelux project. Its evolution has encompassed many phases, ranging from fairly rapid development to prolonged slowdowns and more recently to a dangerous standstill. As the fortunes and misfortunes of the Benelux scheme have fluctuated, the hopes and anxieties of an attentive public—spread far beyond the rather narrow confines of the three Benelux member states—have varied likewise. If some progress was made by their joint action toward the remote goal of economic union, the protagonists of European integration hailed this progress, however minute, as a convincing manifestation that union by voluntary means would be attained in the end. If the Benelux project ran into new difficulties, without having completely cleared older ones, an increasing number of skeptics, critics, and outright opponents pointed with growing conviction to the apparent impossibility of multilateral economic fusion.

While interpretations and conclusions have varied widely with the variegated development of the Benelux idea and form, there has been but little disagreement regarding the ultimate significance of the project. In all camps, whether they were those of the proponents, the opponents, or the doubters of supranational unification, it was realized that if economic union failed within the limited area of Belgium, the Netherlands and Luxembourg, there was hardly a chance that it would succeed elsewhere, least of all on the larger scale of Western European integration. It has been asserted, quite correctly, that Benelux "is a practical test case on which every instrument in the economic laboratories of Europe should be focused." [1]

It has not always been realized, however, that such a statement should be somewhat qualified in view of the limited char-

[1] Paul Bareau, "Rifts in the Benelute", *Spectator*, vol. 183, No. 6324 (September 1949), p. 319.

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acter of the proposed economic union of the Low Countries. Whatever the outcome of this project, it should not be forgotten that Benelux represents only one type of possible economic unification, that type which might best be identified as the "horizontal union". With the organization and operation of the Coal and Steel Authority, another type, that of the "vertical union", has been established, and there is as yet no way of knowing whether this form of economic integration will not be the more successful one, if for no other reason than that it is less ambitious and less comprehensive.

Furthermore, the Benelux countries, in their quest for union, have come face to face with a number of specific problems which are different from those which a larger scheme of European economic federation might encounter.[2] To analyze these specific problems is the first task of this article, while the second and larger task will be to strike the balance of the achievements and shortcomings of Benelux. To attempt such evaluation seems all the more necessary at present because the very fate of the project, so hopefully envisaged and entered upon almost a decade ago, is now in balance.

Any analysis of the problems and difficulties of Benelux ought to differentiate between those problems which are structural and those which are functional. The former should be discussed first because they are the fundamental ones. Among them none is perhaps more consequential in the whole evolution of the Benelux project than the very premises on which it was based.[3] Most important among these was the expectation that the two major economic units of the future Benelux union, Belgium[4] and the Netherlands, would be basically in the same

[2] This point has been convincingly made by L. Sermon, "Benelux: test de l'unification économique de l'Europe", *Revue générale belge*, No. 49 (November 1949), p. 121.

[3] William Diebold, Jr., in his penetrating summary on Benelux has rightly observed that the "prenatal period may have been the most decisive time in the life of Benelux." *Trade and Payments in Western Europe* (New York, 1952), p. 324.

[4] Belgium formed an economic union with Luxembourg in 1922; therefore Belgium-Luxembourg are frequently referred to as the B.L.E.U., or in the French original abbrevation as the U.E.B.L. Unless a special distinction is made in the course of this article Belgium-Luxembourg will be referred to as B.L.E.U.

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condition at the outset of the venture. The "founding fathers" of Benelux envisaged an equality of starting facilities. It was widely assumed that both Belgium and the Netherlands would start together from scratch after the Nazis had been driven from the Low Countries.[5] Contrary to almost all expectations the German occupation of the Netherlands lasted nearly eight months longer than that of Belgium. In those fateful months the Dutch economy was vitally damaged, while during the same period the Belgian economy rallied for a spectacular comeback.[6]

When the project of economic union was finally ratified, on October 29, 1947, and the machinery set in motion for its eventual realization, the two economies were separated by an ever-widening gap. Belgium was well on her way toward unparalleled prosperity, while the Netherlands ranked among the poorest of the liberated countries of Western Europe. This unforeseen and unfortunate circumstance, at the very start of the Benelux scheme, led only too soon to the use of diametrically different methods by Belgium-Luxembourg [B.L.E.U.] on one side and the Dutch on the other. This development was to have the most profound effect upon the whole structure of Benelux and it has been chiefly responsible for the present impasse.

While the favorable trends in the Belgian-Luxembourg post-war economy allowed for an increased measure of economic neo-liberalism, the Netherlands had to sponsor of necessity an austerity program. Consecutive Dutch governments have followed a policy of cheap credit, soft currency, low wages, low prices, as well as "pump-priming" by government subsidies. In contrast to this policy, the Belgian authorities have sanctioned a policy of free enterprise and self-regulation coupled with a hard currency, restricted credits, and above all high prices and wages. These contrasting policies have been generally endorsed

[5] One of the foremost experts on Benelux as well as on the subject of Belgian economy, Professor Fernand Baudhuin, has stated: "It was believed that this time [at the end of World War II], one had to start alike from scratch and had to reconstruct everything." "Où en est le Benelux?" in *Libre Belgique*, January 31, 1953.

[6] Fernand Baudhuin has estimated that the total war losses of the Netherlands were somewhat less than 30 per cent of the national wealth in 1939, and the losses of Belgium about 8 per cent. *La Belgique et la Hollande* in the series *Les Finances de 1939 à 1949*, No. III (Paris, 1950), pp. 71 and 136.

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by experts, entrepreneurs, and public opinion in the Low Countries. Not even the rank and file of the organized labor unions, with the exception of the Communist-dominated ones, have dissented from the principles or at least the expediencies of the respective national economic policies.[7]

The Dutch are committed, as they have been since 1946, to a policy of *dirigisme*, and the Belgians as well as the Luxembourgers to a policy of economic *liberalisme*. That these two fundamentally different systems would be most difficult to align, let alone to integrate into an economic union, has been clear for some time to a number of observers.[8] While it must be acknowledged that there has been a gradual easing in the rigidity of Dutch economic control, it cannot be denied that this is still prevalent in some of the most crucial and sensitive areas, such as wages and prices. As long as the Dutch retain these controls and as long as the Belgians refuse to introduce similar controls—and as yet there is no sign of a change by either side—there is little, if any, hope that a real economic union or even a full customs union can be attained. Today more than ever a prerequisite of any form of comprehensive union is the alignment of the whole, highly complex structure of the several economies which are to be integrated.[9] If this alignment of certain basic factors cannot be obtained, an economic union is improbable, if indeed not impossible.

The third fundamental problem, in addition to the differences in start and methods, is the difference in economic development of the member states of Benelux. The ideal conditions favoring the formation of any type of economic unification are those in which the economies to be integrated are complementary. Actually, this is rarely the case unless the partner states are en-

[7] The attitude of the different unions is brought out clearly in a summary of their debates under the title *Benelux-Studieconferentie: Prae-adviezen* (Amsterdam, 1948), *passim*.

[8] *The Economist* (London), May 31, 1947, stated: "For the moment the chief obstacle for the realization of the Benelux idea is the difference between the internal policies of the two countries: rigid state interventionism in Holland and qualified liberalism in Belgium." A similar statement is given in *Neue Zürcher Zeitung*, July 4, 1948.

[9] In Jacob Viner's lucid treatment, *The Customs Union Issue* (New York, 1950), this point is pressed home with much conclusiveness (p. 136).

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tirely unequal in their economic potential, as, for instance, Switzerland and Liechtenstein. The B.L.E.U. and the Netherlands were occasionally thought of, in pre-war days, as being somewhat complementary in their economies, Belgium-Luxembourg being the far stronger industrial unit and the Netherlands the stronger agricultural unit. In reality, however, the Dutch industrial sector was steadily expanded while B.L.E.U. agriculture was geared to provide for most of the needs of the native population. In other fields, such as leather, paper, tobacco and sugar industries, as well as in the transit trade and port activities, the relations were always more competitive than complementary.[10]

Since the end of the war the complementary elements have more and more given way to competitive activities. This is especially true in the case of certain Dutch industries which have been rapidly built up within the framework of the planned economy adopted at the end of the war. In order to raise the export potentialities of the Netherlands, to accommodate their rising population surplus,[11] and to improve the over-all economic situation, these Dutch industries have been expanded greatly. But at the same time they have also become powerful rivals, especially vis-à-vis their Belgian counterpart industries. This development, while beneficial to the Dutch, has been much less beneficial to the plans of economic union of the Low Countries and must indeed at present be considered a major stumbling block on the way toward union.

If one adds to these fundamental differences and difficulties those arising from national temperaments and modes of life,

[10] For a good summary of the Benelux economies until 1945 see especially Georges de Leener, *L'union économique hollando-belgo-luxembourgeoise* (Brussels, 1945), pp. 69 *et seq.*, and M. Weisglas, *Benelux* (Amsterdam, 1949), pp. 234–239.

[11] The rapid increase of the Dutch population as against the almost stationary character of Belgian population is one of the many instances of dissimilarity rather than similarity among the several Benelux member states. (At least 40,000 additional young workmen have to find annually their place in Dutch industries. J. B. Vink, "L'union économique hollando-belgo-luxembourgeoise, une realité, un example", *Societé belge d'Etudes et d'Expansion* (November–December 1947), p. 708.) It has been estimated that, for the decade 1950–1960, the net increase in manpower in the Netherlands will amount to 354,000, while in Belgium there will be a decrease of some 39,000.

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orientation toward major neighboring Powers, the ill-success of earlier unification attempts in the sixteenth and nineteenth centuries, and the age-old rivalry between Dutch and Belgian ports and maritime interests, one must become keenly aware of the great number of diversities within Benelux. Yet one also realizes and appreciates the strides which have already been taken toward a closer economic, social, cultural and political relationship among the Low Countries. In order to strike the true balance between the achievement and failure of the Benelux project, it appears advisable to examine now in some detail the individual issues which have been either wholly or partly solved, or not been solved at all.

One of the earliest functional problems with which the founders and planners of Benelux came face to face was the establishment of a tariff union. It was envisaged as the first of three phases, of which the second one was to result in a full customs union, and the third in an economic union.[12] Since the tariff policies of the B.L.E.U. on one side and the Netherlands on the other were widely different, a considerable amount of time as well as of adjustment was necessary to work out an effective tariff union. But with far-reaching concessions on both sides, agreement was finally reached on all outstanding points. After several delays the tariff community of the Benelux countries was declared effective as of January 1, 1948, and the common customs frontier between the Netherlands and the B.L.E.U. was abolished.

To be sure, there were from the first a good number of exceptions to the rule that henceforth all goods could circulate duty-free within the confines of the Benelux area. According to a protocol attached to the Customs Convention of March 14, 1947,

[12] For an exact definition of these terms see Annex I of the *Report of the Conference of Cabinet Ministers of the Netherlands, Belgium and Luxembourg held at the Hague on March 10 to 13, 1949* (*Unofficial translation*), May 1949, p. 36. This source is hereafter cited as *Report of the Conference at the Hague on March 10 to 13, 1949*. According to this definition a customs union "comprises the Customs Community in which the excise duties and other consumption taxes . . . have been unified." A tariff union or tariff community should not be confused with a customs union since the former refers only to the adoption of a unified tariff toward nonmember states and the absence, as far as possible, of duties levied on goods exchanged between member states.

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the Netherlands was empowered to levy special duties on a number of specific goods, such as coffee, oil, petrol, and certain benzol-hydrocarbons. Along the same general lines all the three member states of the tariff community retained complete freedom in the imposition of excise duties, sales and turn-over taxes, as well as "import duties equivalent to excise." [13] Furthermore, the governments of the three Low Countries were left entirely free to act arbitrarily on such important matters as the imposition and application of export-import licenses, quotas, and foreign exchange controls. Finally, no common stamp or registration tax was provided for, leaving the individual member states to levy their own *taxe d'enregistrement.*

These limitations were keenly felt by the proponents and promoters of further economic integration among the Low Countries, but it was hoped that in a true customs union they could gradually be overcome. In accordance with earlier plans providing for the establishment of such a union, the second phase of integration was entered into shortly after the tariff community had come into existence. In this phase great differences and difficulties were encountered, some of which have not been surmounted at present. In order to bring about a true customs union in consonance with the official definition adopted by the Benelux planners, it was deemed advisable to coördinate the fiscal systems of the three countries. Because of wide divergences this coördination proved to be an extremely difficult task, but it can hardly be denied that considerable progress has been made.

In the field of direct taxation, which is somewhat higher in the Netherlands than in the B.L.E.U., the situation was not considered important enough to call for a concentrated effort of alignment.[14] Regarding indirect taxation, however, the position was different inasmuch as the success of the customs union

[13] Articles 1 and 2 of the Customs Convention of September 5, 1944, as defined and interpreted in the Protocol of the Hague, March 14, 1947. The English translation of the convention may be found in L. Kohr, *Customs Unions*, in *Foundation Pamphlet Series*, No. 8, pp. 44–47.

[14] Direct taxation in the Netherlands amounted in 1951 to 49.7 per cent of total tax revenue, while the corresponding figure for Belgium was 47 per cent. A. Piatier, ed., *Le Bénélux* (Paris, 1953), p. 202.

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and more so of the anticipated economic union would depend to a considerable degree on a similar level and system of taxation. There are three major groups of such indirect taxation in the Benelux countries: import duties, excise duties, and transmission taxes. Since the first-named duties have been largely eliminated with the establishment of the tariff community no further reference to them is necessary.

As for the excise duties some noteworthy progress toward alignment has been made.[15] The unification of excise duties was theoretically agreed to under the Convention of February 18, 1950, which in turn was ratified on November 19, 1951. In consequence of this agreement, unificaton was achieved in regard to such hitherto varying duties as those on fermenting and sparkling non-alcoholic beverages, all light mineral oils, as well as on tobacco products. Furthermore, taxes which were raised in only one of the member states, such as salt taxes in the Netherlands or mineral water taxes in Belgium, were abolished altogether or at least considerably reduced under the terms of the same convention.

On the other hand, a number of important excise duties have not as yet been unified although agreement has been reached in theory. Among these taxes are especially those on sugar, beer, and spirits. The beer tax is very high in the Netherlands, where hardly any beer is consumed, while conversely the taxes on spirits are very high in Belgium where spirits are not popular. The producers of Belgian beer and Dutch spirits have violently opposed the higher duty in the area of lower consumption.[16] The revenue authorities are, however, most unwilling to part with a sizable proportion of the total revenue which would amount in the case of duties on beer to a loss of Dutch revenue of approximately 11,000,000 florins per annum.[17] The revenue loss would be still higher in the case of sugar duties which are twelve times as high in the Netherlands as in Belgium and form a very

[15] The latest account of the progress of fiscal coördination may be found in the mimeographed publication by the Secretary-General of the *Union Douanière néerlando-belgo-luxembourgeoise* under serial number SG (52), 1889 (November 17, 1952), pp. 4–6.

[16] Brewers and distillers charge that high taxation affects consumption adversely.

[17] *Neue Zürcher Zeitung*, February 26, 1949.

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substantial part of the total of Dutch revenue.[18] It is not sursurprising therefore, that the Dutch government has reserved the right to withhold consent for the alignment of these essential duties until the economic union itself has become a reality.

The third of the major groups of indirect taxes, that of transmission taxes, has proved an even more difficult subject to tackle. In fact, no final agreement or convention has as yet resulted from the prolonged talks of Benelux representatives and the studies of experts. The transmission taxes in Belgium are about one-third higher than those in the Netherlands and in Luxembourg. This difference has contributed considerably to the growing disparity between the production costs and the marketing possibilities of the several Benelux partner states. Belgian manufacturers have been increasingly aware of the dangers of this development and have therefore pressed, more and more strongly, for an adjustment of Belgian transmission taxes—*l'impôt sur le chiffre d'affaires*—to the level of the Dutch equivalent tax, the *omzetbelasting*. This is all the more understandable as the Dutch product will reach the retail market or the individual consumer frequently at a much cheaper price, partly because of the lower turnover tax.[19] But the Belgian revenue authorities, fearing a considerable loss, have thus far objected to a lowering of the transmission taxes.[20]

Closely related to the problems of fiscal coördination are the problems of alignment of both public and private finance in the Benelux countries. In this connection, too, far-reaching differences and divergences can be noted, but at the same time a rapprochement just as noteworthy has been reached on a number

[18] In the Dutch revenue from excise duties the sugar tax yielded no less than 25 per cent in 1948. J. Van Houtte, "Les perspectives d'unification du droit fiscal du Benelux", *Annales de finances publiques*, No. 10 (1950), p. 22.

[19] It has been computed that the ratio of the turnover tax on the Belgian retail price is 11.8 per cent as against 7.4 per cent for the equivalent Dutch retail price, if a "normal" number of middlemen and a "normal" margin of profit are involved in the transaction. J. van der Mensbrugghe, *Les unions économiques* (Brussels, 1949), p. 274.

[20] Professor Charles Roger has estimated the loss of revenue due to coördination with the Dutch transmission tax system at more than three billion francs. The writer of this article is indebted to Professor Roger for making available a mimeographed copy of his lecture given in Bergen, Norway. The figure quoted is on page 5 of this copy.

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of critical points. Among these, monetary issues appeared at one time to be of crucial importance.

The two major partners in Benelux followed, between 1945 and 1950, fundamentally different policies in regard to currency and credits. Belgium has backed a policy of deflationary nature, with restricted credits and a restricted note issue, while the Dutch were compelled to follow an inflationary policy of cheap money and credit in order to refloat their national economy.[21] This divergent development must seem all the more regrettable as it ran counter to the very first convention between the future partners, the Monetary Convention of October 21, 1943. To make matters worse the disparity between the hard currency of the B.L.E.U. and the soft currency of the Netherlands was accentuated by the difference of devaluation in September 1949. While the already weak guilder was devaluated by 30.5 per cent, the Belgian franc was devaluated by only 12.5 per cent in comparison with the United States dollar. Throughout the following two years it appeared not only that the gap between the apparent insolvency of the Dutch and the solvency of the Belgians would increase beyond any possibility of bridging it, but that it would swallow up Benelux itself.[22]

Yet at this most critical moment in the evolution of Benelux up to that time, the cheap price-wage-money-production policy of the Netherlands as well as generous foreign aid, especially from Belgium,[23] began to yield the first returns. Much to the surprise of everybody, with the possible exception of the sponsors of the Dutch planned economy and its austerity program, the disastrous financial situation of the Netherlands took a turn for the better.[24] Ever since this turning point was reached in the fall of 1951 the Dutch balance of payments has spectacularly

[21] On the inevitability of the different monetary policies as a result of war and post-war conditions see F. Collin, "La politique monétaire de Benelux", *Revue générale belge*, No. 42 (April 1949), pp. 885 *et seq.*

[22] For reports doubting the very persistence of Benelux because of the financial inequality of the two major partners see *The Economist*, July 16, 1949, and the *Neue Zürcher Zeitung*, December 7, 1950.

[23] Belgian credits to the Netherlands have now reached a total of five milliards francs (one hundred million dollars) of which three milliards have been paid back.

[24] In August of 1951 the Netherlands realized for the first time a surplus within the European Payments Union. This surplus amounted, at the beginning of this year, to some $220,000,000.

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improved. Throughout 1952 and the first six months of 1953 the Netherlands continued to build up her credit, her gold reserves and dollar holdings, while paying off most of her debts in the same period.[25] Moreover, Dutch financiers and officials, most of whom had always considered the cheap money policy as a temporary measure, began to restrict their easy credit policy and to harden their currency, bringing it gradually into line with that of the B.L.E.U., as well as with the principles of classical monetary policies. Thus, for instance, the Dutch rates of interest were raised nearer the level of the corresponding Belgian rates. Furthermore, a credit ceiling was introduced in the Netherlands.

Notwithstanding these and similar adjustments, one of the three major goals of the envisioned economic union, that of free convertibility of the several Benelux currencies, has not as yet been attained.[26] However, it is now generally realized that convertibility will not precede but rather will follow full economic integration, and that it will depend not exclusively on the financial interrelationship of the Benelux countries but upon that of the whole of Western Europe.[27]

[25] The Dutch balance of payments for 1952 showed—for the first time since the war—a surplus amounting to 1,884,000,000 florins. *Algemeen Handelsblad*, April 28, 1953. The dollar deficit was reduced in 1952 to two thirds of the amount of the previous year, and in the second half of 1952 a surplus of $50,000,000 was obtained. *The New York Times*, May 4, 1953. The flood disaster of January 31, 1953 badly interfered with an otherwise balanced budget, but there are now signs of complete financial recovery. Gold and foreign exchange reserves amounted in January 1954 to $1,144,210,000.

[26] The other two main goals are freedom of movement of persons and goods. Regarding the former, all nationals of the three Benelux countries are free to move from one member state into another. Actually, however, few Belgians and Luxembourgers are interested in finding work in the Netherlands because of the lower wages there. Conversely, a greater number of Dutch workers have migrated into the B.L.E.U. but Dutch authorities have not encouraged such movement, fearing apparently an ill effect upon the low wage policies. In addition certain categories of artisans, such as hairdressers, butchers, or bakers, are obliged under the stipulations of the *Vestigingswet* to stay in the Netherlands. The free movement of goods will be dealt with more fully on subsequent pages.

[27] The viewpoints of a number of Dutch financial experts are given in Amsterdamsche Bank, *Quarterly Review* (1st quarter, 1951), No. 92, pp. 8 and 16. See also *The New York Times*, May 4, 1953, where the possibility of a restricted convertibility of the guilder in conjunction with other currencies is discussed in some detail. A reaffirmation of the principle of the complete freeing of capital movement was issued during the most recent conference of Benelux ministers at Luxembourg in December 1953.

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In the sphere of private finance the "senior partners" in Benelux are likewise still far from forming the single entity anticipated in the early conventions. Up to very recently little capital moved from the Netherlands to Belgium or vice versa. Although Belgian capital is theoretically free to enter Dutch markets, such movement is in reality much hemmed in by Dutch restrictive regulations. For instance, Belgian private capital once invested in the Netherlands is subject to the same restrictions as any other foreign capital and cannot be freely repatriated. Furthermore, Belgian shareholders in the Dutch money market are often unable to gain full representation, because the stockholder meetings are frequently called at very short notice and Belgian holders of stocks cannot get there in time. For these reasons it is not surprising that the Belgian government has not seen fit to counsel large-scale private investments in Dutch markets. On the other hand, Dutch private capital is restricted from moving abroad, and even if it were free to move it is doubtful that it could compete effectively with the much stronger Belgian capital on the home grounds of the latter.

While the financial and fiscal policies of the Benelux member states have not as yet been coördinated to the extent desirable for a full customs union, very substantial progress has been made toward another primary goal of economic integration: the free circulation of goods. As the completion of a true customs union was delayed by the incongruities of the Dutch and the B.L.E.U. national economies, the indomitable and indefatigable promoters of the Benelux project continued to press for some other form of union. Since it was evident by 1949 that an economic union could not be arrived at in accordance with the original timetable[28] a so-called "Pre-Union" was projected. This Pre-Union was to ensure the systematic coördination of the commercial and monetary policies of the Benelux partners in regard to third countries, to grant preferential rights to the other two member states, and above all to liberate progressively the

[28] The very important and often-quoted meeting of ministers from the Benelux countries at the Château d'Ardenne, June 6–8, 1948, had anticipated the formation of an economic union by January 1, 1950.

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trade among all member states of Benelux. After several delays the Pre-Union agreement was signed on October 15, 1949. It was to be retroactive as of July 1, 1949, and was to be transformed into a full economic union by July 1, 1950. Unfortunately, this transformation did not take place on the date fixed and has in fact not yet been brought about, for a number of reasons to be discussed below. Nevertheless, the most important issue in the agreement of October 15, 1949, has been attacked with a large amount of success. The gradual liberation of intra-Benelux trade has been almost completely accomplished. This is a feature all the more remarkable as many industrial and agricultural products were still subject to trade restrictions when the Pre-Union instrument was signed.[29] While some 30 per cent of the restrictions on free trade were immediately removed, it was not until the following year that over 90 per cent of the trade among the Benelux countries was freed from all controls.[30] This liberalization process, which was far in excess of that envisaged or attained by other countries within the Organization of European Economic Co-operation, had naturally a most salutary effect on the steadily growing volume of trade among the partners in the Benelux venture.[31]

In the last pre-war years the Netherlands occupied the third and in some years only the fourth place in the total of B.L.E.U. exports. Conversely, the B.L.E.U. ranked only third in the total of Dutch exports. Since the creation of Benelux and the gradual liberation of its intranational trade there has been a complete reversal of the situation. Both the B.L.E.U. and the Netherlands have now become each other's best export market. With the coming into force of the Pre-Union, Belgium's exports to the Netherlands jumped to a marked degree. In 1951 the

[29] Among the major items subject to restrictions either by the Netherlands or the B.L.E.U. were metal products, textiles, coal and coke, and agricultural produce.

[30] The progress of the freeing of intra-Benelux trade is treated in detail in the mimeographed report of the Secretary-General of the *Union Douanière néerlando-belgo-luxembourgeoise*, pp. 12–15. See also the reports in the *Neue Zürcher Zeitung*, October 17, 1949 and December 19, 1950.

[31] When the restrictions on Belgian textile goods were lifted by the Netherlands, the latter country imported within six weeks as much as during the whole preceding year of 1949. *The Times Review of Industry* (London), June 1950, p. 66.

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export volume of Belgian goods going to the Netherlands increased by 10 per cent while the Dutch export volume increased by 25 per cent.[32] This trend of increased Dutch exports—to the B.L.E.U. as well as to other countries—continued to develop in a spectacular manner throughout 1952. During that year the share of Belgium in the total volume of Dutch imports rose to 17 per cent as against 11½ per cent in 1938. On the other hand, the Dutch share in the total of B.L.E.U. imports climbed from 8.9 per cent in 1938 to 13.5 per cent.[33]

While it must appear from a cursory look at these figures that the Belgian exporters fared still better than their Dutch counterparts, a more detailed study will reveal that this is not the case, at least not during the last few years. In fact, what sometime ago still seemed the greatest asset of the Benelux project—the rapidly expanding volume and value of intra-Benelux trade—must now be considered its gravest danger. The Dutch economic policy of low unit cost and high export volume has succeeded in a most astonishing manner, but in so doing it has unwillingly and unwittingly undermined the very structure of Benelux itself.

For the first time in many decades Dutch exports to the B.L.E.U. surpassed, during several months of 1952, the exports from the B.L.E.U. into the Netherlands.[34] As a result the balance of trade has been fundamentally altered and with it the already precarious balance of Benelux. While there have been from its beginning few, if any, doubts that Benelux was at least temporarily more beneficial to the Dutch than to the Belgians, there arose by the end of 1952 serious misgivings among the

[32] These figures are contained in a report, dated April 10, 1952, by the *Algemeen Nieuws en Telegraaf Agentschap*, which is monitored in this country by *ANETA*. The mimeographed *ANETA* reports have been made available to this writer by the kind coöperation of the Netherlands Information Office and especially its very helpful librarian, Miss Marijke Hesselink.

[33] For these figures see *The Economist*, May 30, 1953. The figures given by the Dutch newspaper *Het Parool*, May 6, 1953, are slightly different, the last figure being 13.2 per cent instead of 13.5 per cent.

[34] This was in August, September and October 1952, and the trend continued during several months in 1953. See the tables in *Benelux Nieuws*, February 1953, p. 13, and November–December 1953, p. 19.

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latter as to whether their losses would not outweigh their gains with a continuance of this partnership on the present basis.[35]

Among the Belgian groups and individuals most concerned with the unfavorable trends of the trade balance with the Netherlands are the industrialists. But before dealing with the specific aspects of the interrelationship of Benelux industries, reference must be made to another large and difficult sector of integration, that of agriculture. Many of the difficulties which now beset the industrial segment of Benelux have already been encountered, and, it should be noted, were partly overcome several years ago in the field of agricultural interests.

As is well known, Dutch agricultural productivity has always had the advantage over that of Belgium and Luxembourg. The higher yield of Dutch agriculture must be mainly ascribed to larger holdings, more thorough training, better marketing and credit facilities, strong subvention policies, as well as to lower rents and wages. In consequence of these differences in the respective agricultural sectors, Dutch prices for farm produce are between 25 per cent and 30 per cent lower than the corresponding B.L.E.U. prices.

In order to safeguard themselves and their products against what they considered unfair competition on the part of the Dutch, Belgian farmers through such powerful organizations as the *Boerenbond* pressed successfully for some measure of protection. As early as May 9, 1947, the ministers of agriculture in the several Benelux countries announced in an important protocol that each country was free to determine minimum prices in order to ensure a reasonable margin of profit. Moreover, each of the three partner states was empowered to maintain a quota system for agricultural imports, even if prevailing market prices were higher than the minimum prices, provided that in this

[35] According to a Dutch source B.L.E.U. exports to the Netherlands dropped during 1952 from 23,778,000,000 francs to 18,745,000,000 francs, while Dutch exports to the B.L.E.U. increased to a total of 16,216,000,000 francs. The B.L.E.U. over-all balance of trade, which in 1951 still amounted to a surplus of almost ten billion francs, was cut to nearly one-fourth by the end of 1952. *Nieuwe Rotterdamse Courant*, April 24, 1953. The most recent tabulations of trade relations between the two major Benelux partners may be found in *The New York Times*, January 5, 1954.

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case preferential treatment would be granted to the agricultural products of other Benelux member states.[36]

This agreement remained in force for over three years. While it safeguarded the interest of the Belgian and Luxembourg farmers, the partisans of economic integration of the Low Countries justly felt that it was incompatible with the true union as envisaged in the blueprints of Benelux. After repeated exploratory talks, the whole subject of agricultural integration was again taken up at the special conference held in Luxembourg, October 20–21, 1950. An agreement was reached on a number of points, of which the following were the most important. Henceforth, the minimum prices were to be fixed by a multinational commission. But if it failed to reach a unanimous agreement, the individual importing country was still free to impose such measures as it deemed necessary in order to safeguard the interests of its agricultural sector. However, the exporting member state which might be hurt by such unilateral action was permitted to appeal for arbitration to a three-member board.

Another major provision pertained to the freeing of a number of items hitherto subject to quotas, while the remaining agricultural products, to be listed specifically, were subject to a special compensatory tax.[37] This tax was to be levied by the exporting country at a rate which was to equalize the difference between the minimum price acceptable to the importing country and the market price prevailing in the exporting country. The total revenue derived from this surtax was to be equally divided between the several Benelux member states.

Moderate and considerate as these proposed solutions were, opposition within the ranks of Belgian farmers arose almost immediately. The incumbent prime minister, Pholien, was compelled to seek during a new meeting at The Hague a compromise that would be more acceptable to the Belgian agricultural pressure groups.[38] Under the terms of a new modified

[36] The text of this convention is reprinted in the *Report of the Conference at the Hague on March 10 to 13, 1949*, Annex 3c.

[37] According to a report in the *Neue Zürcher Zeitung* of October 24, 1950, approximately three quarters of all agricultural products were freed.

[38] For the activities of these groups see especially the detailed account in *Chronique de politique étrangère*, vol. IV, No. 5 (September 1951), pp. 557–559.

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agreement of December 29, 1950, it was decided to postpone the proposed arbitration procedure until the Belgian and Luxembourg parliaments had voted on this proposal. Furthermore, the importing country was specifically empowered to impose a quota system, or even the suspension of all imports on which the price-fixing supranational commission was not able to reach a unanimous agreement and the free admission of which might be considered as harmful to national interests.[39]

These provisions have rightly been considered by certain foreign observers as a step backward. Undoubtedly, such stipulations are not in consonance with the tenets of a customs union, much less of an economic union. But notwithstanding these restrictions, which affect such important Dutch exports as dairy products, meat, potatoes, sugar beets, most garden vegetables and a number of fruits, the agricultural exports from the Netherlands into Belgium have considerably increased.[40]

On the whole, this restrictive-regulatory system has worked fairly well, all the more so as in many instances the import surtax has generally been slightly below the target price of the Belgian producer. However, in some cases Dutch exporters of agricultural produce have protested vehemently against alleged excessive and discriminatory surtaxes.[41] While it cannot be denied that protective duties or other safeguarding measures violate the spirit if not the letter of fundamental agreements among the Benelux countries, it is hard to see what other *modus vivendi* could and would have been accepted by all the partner states.

The expediency of this solution, which at least guarantees a workable compromise without destroying the idea of a future

[39] Mimeographed report of the *Convention Douanière Néerlando-Belgo-Luxembourgeoise*. This report was issued on December 29, 1950, but bears no classification marks. It was made available to this writer through the good offices of Dr. E. J. E. M. H. Jaspar, Secretary-General of the Benelux Customs Union.

[40] In 1947, 25 per cent of all Dutch agricultural exports went to Belgium, while in 1951 the percentage had risen to 33. Department of Agriculture, Ottawa, *Agriculture Abroad*, vol. VIII, No. 4 (April 1953), p. 19.

[41] In May 1953 the Dutch Association of Vegetable Auctions protested strongly against the restrictive policies regarding tomato exports to Belgium. The Association charged that the duties on Dutch tomatoes for export to Belgium were prohibitive. *ANETA* report, May 18, 1953.

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union, has recently become of interest to other than agricultural interest groups. An increasing number of Belgian industrialists have come to view a system of compensatory taxes as the only alternative to the abrogation of the tariff union with the Netherlands. This unfortunate dilemma, which in the past year threatened to stultify the whole Benelux project and which was at the back of its most dangerous crisis, will now have to be traced in some detail.

The rapid development of Dutch industries in post-war years has doubtless contributed much to the amazing recovery of the economy of the Netherlands. But as these industries forged successfully ahead, under the twin policies of low costs and high production, a number of them have come into ever closer competition with their Belgian counterparts. Benelux officials have been neither unaware nor unmindful of this development and they have repeatedly attempted to bring about a coördination of key industries.[42] Unfortunately, the system of coördination by "prior consultation" which was finally agreed upon did not apply to many of the most sensitive sectors of industry.

It was just in these sectors that competition increased to such a degree that a number of Belgian industries were severely affected. These industries, which include leather goods, especially shoe manufacture, clothing, wooden furniture, papermaking, cigars, and certain foods, as well as enamelware and stovepipes, have become the core of an ever more determined opposition. In the fall of 1952 these groups, together with affiliated industries, organized themselves into an "action-committee". A number of manufacturers participating therein subsequently formed such pressure groups as *Sibelux*.[43] These and similar associations are very active in their propaganda which, however, should be taken *cum grano salis* since it tends to exaggerate certain conditions and facts, including data. The demands formulated by these groups are voiced in sometimes rather violent slogans which invariably

[42] As early as January 31, 1948, a protocol was signed by the responsible Benelux ministers stipulating that a system of "prior consultation" should be introduced for some twenty-five major industries, such consultation to become effective if new enterprises were to be established anywhere within the Benelux area, or if existing enterprises were to be expanded.

[43] The term is an abbreviation of *Comité de sauvegarde des Intérêts belges dans Benelux*.

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culminate in the request for the revision of the existing Benelux system.[44]

As certain Belgian individuals and groups have become more vociferous in their demands for changes in the existing Pre-Union, so have responsible Benelux officials become more attentive to the specific problems of those industries which must be regarded as highly competitive. Thus it was agreed at the meeting of cabinet ministers at Knokke, October 12–14, 1952, that special committees should be organized to deal with problems of specific industries. These committees were to be headed by government officials and be composed of both employers and employees of the industries concerned. The major task of such committees was to put into effect any agreements reached or proposed by representatives of the more competitive industries. Under arrangements made at the later conferences of Ulvenhout, December 1952, and Liège, February 1953, the special committees were integrated more closely into the existing Benelux machinery and subordinated to the control of the presidents of the three major councils.[45]

Notwithstanding this reorganization, the committees have largely failed to produce the desired results of coördination and cöoperation. In fact, since the beginning of last year relations between the highly competitive industries have further deteriorated and with them the prospects for a fuller economic integration of the Benelux countries. One by one spokesmen for the Belgian "sick" industries have raised their voices, first for some measure of protection or subsidy by the government, and in the last twelve months against the existing form of Benelux itself.[46]

[44] Examples of the more challenging slogans put out by *Sibelux* are: "Release us from the present day Benelux!" "To save our industries fight the present day Benelux!" "Normal competition? Yes! Dumping? No!" "Don't wait for the ruin of tomorrow. Revise Benelux today!" However, this pressure group maintains in its numerous publications that it does not want to destroy Benelux but only desires "equality and equity" for all member states. See especially the most recent of its publications, *Le livre vert* (Bruxelles, June 1953).

[45] These are: the Council of Economic Union, the Council of Customs Regulations, and the Council of Commercial Agreements.

[46] The Belgian Association of Textile Manufacturers demanded in March 1953 some measure of protection and at the same time requested that Dutch competitors "respect the principles of Benelux." Quoted in *Het Parool*, March 31, 1953.

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Dutch government officials as well as industrialists realized the seriousness of this development and attempted some concessions in order to alleviate the situation. Thus, the Dutch offered in a few cases a policy of temporary self-restriction on exports to Belgium. As early as December 1952, a temporary agreement was reached under the terms of which Dutch cigar makers were to restrict their exports into Belgium for six months to the level of the average exports from January to August 1952. Under agreements that were the upshot of the conference of Liège at the end of February 1953, the Netherlands furniture industry undertook to restrict its exports to the B.L.E.U. for a period of six months, provided other furniture-exporting countries did likewise.[47] A similar measure was applied to the rayon-charmeuse exports from the Netherlands into Belgium. This agreement, too, was to last for six months, and within this period Dutch exports to Belgium were not to exceed 125 per cent of the total export figures for the same period during 1952.[48]

The Belgian reaction to these offers was somewhat less than friendly, since it was felt in the quarters most affected that these self-restrictive measures were only of a temporary nature and applied only to a few industries, not including such vital ones as clothing and footwear.[49] However, Belgian officials, regarding these proposals of protection as the only way of overcoming the existing emergency, pressed for their acceptance in a more general and binding form. Their demands, which were also those of Belgian public opinion and more specifically those of Belgian industrialists, were taken up at the most recent Benelux conferences. During the first of these, held at Luxembourg, July 6–8, 1953, the assent of Dutch officials was obtained in principle.[50]

The second and highly important conference, which took place on July 24, 1953 at The Hague, concerned itself with the practical

[47] According to material published by *Sibelux* this restriction would amount to 13 per cent of the total monthly imports of Dutch furniture in 1952.

[48] For information regarding this agreement see *Algemeen Handelsblad*, April 20, 1953.

[49] A sampling of this hostile reaction may be found in the organ of the Belgian food industries, *VITA*, vol. X, No. 6 (March 31, 1953), p. 359.

[50] The *Journal of Commerce*, July 11, 1953, contains a report on the major proposals made during this conference.

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implementation of this policy of protection for industries in a critical condition. The representatives of Benelux who gathered for this conference included the prime ministers as well as ranking cabinet members. This was an indication of how much importance was attributed to this meeting. All the participants and many of those whom they represented were doubtless aware of the critical situation of the whole Benelux project. An agreement was reached which at least temporarily will keep Benelux from a formal collapse. Under the terms of this agreement special emergency measures may be taken in the case of "sick" industries. These measures might include the introduction of quotas, the imposition of compensatory taxes, fixation of minimum price, or a combination of all these regulations.

However, such measures are to be put into operation only if a number of conditions obtain which are to be ascertained from statistical data and other documentary evidence. These conditions include the following: (1) If production in the industry asking for the application of emergency measures has dropped by at least 15 per cent in the course of the preceding six months. This percentage is to be measured on the basis of the corresponding six months' period for the two preceding years. Furthermore, the decline must be attributable by more than 75 per cent to an increase in imports from a partner state. (2) If the volume of imports of a certain item has risen during a given six months' period by 60 per cent or by an amount equal to 15 per cent of the production on the basis of the average for two corresponding six months' periods in the two preceding years, provided that (a) production in the importing country has not risen, (b) the total increase of imports cannot be ascribed by more than 20 per cent to imports from third countries, (c) the increase of imports from the partner country does not take the place of imports from other countries, and (d) imports from the partner country amount to at least 7 per cent of the consumption of the importing country.

In all cases of application for these emergency measures a trinational board of arbitration will have to decide on a course of action within a period of two months. Furthermore, it was

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agreed that the respective governments of the Benelux countries could take joint special action in such cases which were not covered by the above resolutions. Finally, there were indications during the conference that responsible officials had agreed on the establishment of a common emergency fund which would be used for the stimulation of productivity in handicapped industries.[51]

Reaction to these far-reaching concessions and resolutions has varied considerably. Belgian public opinion has received the news of the agreement with great relief and the press has been on the whole favorable.[52] On the other hand, Dutch reaction has been mixed. This can cause small surprise in view of the fact that the Netherlands government has made considerable sacrifices, including a probable major cutback in exports to Belgium.[53]

On both sides there remains a feeling that these measures are only palliative in nature and that other outstanding issues, such as alignment of wages and prices as well as social policies, in general have still to be settled. Especially the vexatious and complicated wage issue must be tackled successfully before Benelux can be considered to have emerged safely and successfully from the present crisis. It is the wage problem and the related problem of prices which underlie this crisis and which have caused in recent months increasingly acrimonious arguments between the Belgians and the Dutch.

While it is quite true, as some authorities have suggested, that wage and price disparities have existed ever since the form-

[51] For the contents of this agreement see *Het Parool*, July 25, 1953. A summary in English is given in a report by *ANETA*, July 27, 1953. According to a report quoted in the *International Financial News Survey*, January 8, 1954, between 10 per cent and 15 per cent of all categories of industrial exports from the Netherlands to the B.L.E.U. were affected by the restrictions imposed under the agreement of July 1953.

[52] See the summary in *Nieuwe Rotterdamse Courant*, July 28, 1953. However, in recent months certain Belgian interest groups, such as the tobacco growers and ship chandlers, have again loudly protested against unfair Dutch competition. See *ANETA* report of January 10, 1954.

[53] *Nieuwsbrief*, No. 914, Leaf 5, contains a summary of the varied reactions of the Dutch press.

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ing of the tariff union without being taken too seriously,[54] it is only within the last few months that most of the people connected with Benelux have become fully aware of the grave potentialities of this problem. This is rather astounding inasmuch as the wage and price disparities, now shaking the very foundations of Benelux, are the direct upshot of the divergent principles and trends which have characterized the development of the Dutch and B.L.E.U. economies since the war. Whether some remedial measure that would have narrowed the steadily widening gap between Dutch wages and prices on one side and those of the B.L.E.U. on the other could have been applied at an earlier stage must now be considered an entirely academic question.[55]

The stark reality on which Benelux has run aground and may even founder is the marked difference in wages and in prices. The estimates of the disparity in wages vary between 12 per cent and 38 per cent for real wages, while the difference of nominal wages is given as between 45 per cent and 72 per cent.[56] Regarding the difference in prices, the estimates tally somewhat more closely in the neighborhood of between 15 per cent and 25 per cent. But in any case, notwithstanding some Dutch arguments to the contrary, these differences have a profound effect upon both the present and the future of the Benelux venture. The most disquieting factor is not the existence of the wage and price gap but the evident unwillingness of both sides to reduce it. Not only the leading persons in government and industry but also the rank and file of labor itself are in principle in support

[54] See the statement of the Netherlands minister of finance which is quoted in *Het Parool*, May 6, 1953. There is a copious literature on this crucial issue of price and wage difference but little evidence that most of the authors concerned had realized the long-range consequences of the divergent policies. (Some of the experts had even expected that such differences would eventually diminish in the course of the development of an economic union.) The most recent and most thorough study was undertaken by a commission of the *Conseil Central de l'Economie*. Its report was published in mimeographed form on September 9, 1953.

[55] An article in the *Algemeen Handelsblad* of April 4, 1953 regrets outright that the necessary attention was not given to this vital problem as early as 1946.

[56] The discrepancy in these figures can best be explained by the difficulties of comparing real wages of different countries since the cost-of-living index varies considerably from country to country. The estimates here are further complicated by the fact that wages in Luxembourg are still 20 per cent higher than those in Belgium.

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of the wages policies of the Netherlands on one side and the B.L.E.U. on the other. However, it should be kept in mind that the major labor unions within the Benelux countries have recently made public joint declarations in which they agreed that it was both possible and desirable to raise the over-all level of Dutch wages. On the other hand, the unions have fully agreed that the critical condition of certain Belgian industries is only partly due to the differences in the price and wage level.[57]

In order to find a solution, however temporary, for this burning problem several conferences of Benelux officials were held since the beginning of last year. Thus far all attempts at a settlement acceptable to both major parties have been abortive, but the whole complex and vital issue of wages and prices must be attacked and solved before very long. There is a growing impatience on the part of many Belgians, and the demand has been repeatedly made that the Dutch either make major concessions in regard to price and wage policies, and thus in regard to industrial competition, or else that the tariff union be terminated by the Belgians.

Sometimes this demand has almost taken the character of an ultimatum, as it did in the resolution of the Chamber of Commerce and Industry at Ghent. This resolution spoke of "the paradox which Benelux actually is; that is to say a union between two economic entities, one of which has the highest salaries in Europe and the other the lowest."[58] The resolution went on to demand an immediate revision of the Benelux system because, as it explained, the continuation of the *status quo* would

[57] At the meeting of representatives from unions throughout the Low Countries, which took place in 's-Hertogenbosch in June 1953, a joint statement was issued which has been partly reprinted in the *Nieuwe Rotterdamse Courant*, June 22, 1953. For a Belgian analysis of this important declaration see *Libre Belgique*, June 23, 1953.

[58] Quoted in *Le Soir*, May 30, 1953. The index of wages has indeed most spectacularly jumped in the case of Belgium. If 1938 is taken as 100, the Netherlands wages were 222 in 1953 while the Belgian wages rose to no less than 542. This tremendous difference is best explained by the fact that in pre-war years the Dutch wages were some 42 per cent higher than those of Belgium. As in so many other cases there has been a complete reversal of conditions affecting the several Benelux partners. The Dutch government has decreed an all-round wage increase of 5 per cent, effective January 1, 1954, but it is as yet too early to predict the effect of this step in bridging the existing wage gap.

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result in heavy losses to Belgian industry. This cry for revision of the Pre-Union arrangement or the abrogation of the tariff union has also been taken up in Belgian national associations, such as the very influential Federation of Belgian Industrialists. Its chairman used the occasion of the seventh annual conference of Benelux functionaries to demand either revision of the existing organization of Benelux or else the annulment of the tariff union.

Finally, and this is the most disconcerting news in the present crisis, similar demands have been made in quarters formerly in close support of Benelux.[59] While demands of this nature have come at an ever faster rate from the Belgian side, the Dutch have not been slow to defend their position. They have pointed out, again and again, that the disparity in wages and prices is partly due to the lack of a thorough Belgian devaluation policy similar to that carried out by the Dutch government in 1949. Furthermore, Dutch circles have charged repeatedly that Belgian price and wage levels are exorbitantly high and completely out of line if compared with the rest of Europe and the declining prices on the world market. Above all, the Dutch have reiterated frequently their conviction that it would be most difficult as well as disadvantageous to change their economic policies, which have already yielded such noteworthy results in Dutch financial, industrial and social recovery.[60]

Statements of this kind reveal indeed most clearly the fundamental problems and the complexity of the present situation. The neutral observer has to keep in mind that the wage and price issue forms only a part of the whole economic structure of each of the Benelux member states. If this part were taken out of its context, be it the directed economy of the Netherlands or the

[59] Even such an ardent Benelux supporter as Professor Fernand Baudhuin declared in a speech at Liège that either the Dutch should revaluate the florin or the Belgians should introduce a system of compensatory taxes in order to safeguard Belgian industry, where factories had to close at a rate of one a week. If neither of these measures was adopted he proposed the abrogation of the tariff union, but not that of the Pre-Union. Excerpts from this speech may be found in *VITA*, vol. X, No. 9 (May 1953), p. 623.

[60] A very characteristic speech along these lines was made last spring by the chairman of the Netherlands Association of Employers. This speech has been quoted in *Algemeen Handelsblad*, May 5, 1953.

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practically free economy of Belgium, and remodeled separately from the whole structure of the given national economy, the latter might completely collapse. This is the basic issue which underlies the present crisis and makes it appear almost insoluble. Higher prices, wages, and costs of production would mean lower exports for the Netherlands and a probable recurrence of an adverse trade balance, and with it the possibility of large-scale unemployment. Conversely, lower prices and wages would mean the introduction of control measures into the free economy of Belgium, a lowering of the standard of living, and a financial self-immolation of one of the leading capitalist countries in Europe. It is a tragic dilemma that one country's meat is another country's poison. By the same token it will appear that a true and viable customs union, let alone an economic union, is impossible if it is attempted between a high-price and a low-price, a controlled and a free economy.[61]

For these reasons the present crisis of Benelux must be considered the most profound and crucial one in the life of the project. The outcome of this crisis cannot be foretold, but it is certain that, whatever the outcome, it will be either a decisive victory or a decisive defeat for the whole concept and system of Benelux. The latter faces now the supreme test of its existence. Can and will the partners in this venture forego the tenets of their national economy and the substantial gains resulting from these? Can and will they resolve to substitute for such tangible gains or advantages the supranational concepts of an unrestricted coördination and integration which would entail immediate national self-sacrifices and which might not pay returns for a generation or two?

The next few months will clarify the fate of Benelux and the attitude of the majority of the nineteen million people who live within the confines of the Low Countries. It may well be argued that Benelux has successfully emerged from earlier crises and that its members have compromised on a number of important issues, ever since the formation of the tariff union. On

[61] Professor Viner's contention that it would be suicidal for a higher-price country to enter into a union with a permanently lower-price country, unless the former were willing to undergo a drastic deflation, seems to be borne out by the example of Benelux. *The Customs Union Issue*, p. 138.

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the other hand, it may also be argued that no earlier crisis had involved such vital issues and such far-reaching structural divergences. However, this writer believes, on the strength of his information as well as on the evidence of the past history and experiences of Benelux, that the present crisis may be overcome by a workable compromise.

Faith in and recognition of the achievements of Benelux have for a number of reasons gradually declined since its inception. In the first place, the project of union was predicated on the assumption that the propinquity of the partners-to-be would prove stronger than their dissimilarities. In the second place, the original expectations of the speedy economic integration of the Low Countries were much too sanguine. In the third place, the quarters responsible for the formation and implementation of the Benelux program were too dogmatic regarding the timetable of anticipated results. Finally, the achievements of Benelux have been weighed against the shortcomings and found wanting.

Regarding all these points of criticism, it should be kept in mind that presumably more was asked for than could be given. If the expectations have now been outrun by the disappointments, it should be considered and remembered what Benelux has already achieved in the face of great odds or fundamental differences.[62] For in the last analysis the whole Benelux project will have to be evaluated historically on the basis of what was accomplished despite existing disparities and disadvantages rather than what was *not* accomplished in spite of certain similarities and advantages seemingly favoring the concept of integration of the Low Countries.

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[62] Space does not allow for a more detailed account of achievements outside the economic sphere. Considerable progress toward coördination has been made in several fields, such as the unification of laws, military and diplomatic relations, as well as cultural and educational activities. The most noteworthy of recent achievements is the agreement of December 9, 1953, to conduct in common all future trade policies toward non-Benelux countries.

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FINANCING UNEMPLOYMENT INSURANCE IN THE UNITED STATES

FOR more than fifteen years, fifty-one programs of unemployment insurance have been in operation in the United States.[1] These programs are and always have been state-operated, although they arose and have been continued within the framework of national legislation. We ventured into this area of social insurance in the mid-1930's on an essentially experimental basis, with little in our history to serve as a guide in the determination of sound policy. We had grave doubts as to the wisdom of following patterns of foreign experience, largely because the European systems had suffered severe financial difficulties in the years after the First World War. On the other hand, there was a great diversity of opinion as to the proper policies to be used in the creation of our own system or systems. The outcome of these circumstances was the provision, in the Social Security Act of 1935, of a minimum national framework for unemployment insurance. This was largely concerned with the creation of a taxing program which would, it was thought, eliminate the interstate competitive disadvantages which had served as a major barrier to state-by-state adoption of unemployment insurance and at the same time encourage the states to create their own programs. Since there seemed no prospect of agreement on the minimum elements of a national program, most of the major policy questions in unemployment insurance were left for state determination.[2]

[1] The last of the state laws creating unemployment insurance systems was passed on June 30, 1937. This paper is concerned only with these state programs, not with the national system of unemployment insurance for railroad workers. The term "state" as used herein applies to Alaska, the District of Columbia, and Hawaii, as well as to the governmental units ordinarily included in its meaning.

[2] The taxing plan adopted for unemployment insurance (or, more accurately, to stimulate the adoption of unemployment insurance by the states) was defended by the Technical Board advising the Committee on Economic Security, which did most of the planning and study preparatory to the drafting of the Social Security Act, on the ground that it would "make it unnecessary to reach decisions under the Federal act on the most controversial questions in connection with unemployment insurance." U. S. Congress, House of Representatives, *Economic Security Act*, Hearings before the Committee on Ways and Means, House of Representatives, 74th Congress, 1st Session, on H. R. 4120, January 21–February 12, 1935 (Washington, 1935), p. 875.

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Study of these fifteen years of experience should now be able to cast light on problems and policies about which we knew relatively little in the 1930's. It is true that since the initiation of our state systems of unemployment insurance the economy of this country has been characterized, in the main, by exceedingly high levels of employment, with correspondingly little pressure placed on these systems. Since we have, however, no assurance that unemployment will remain the essentially minor problem that it has been since 1940, it seems advisable to subject the record of our insurance programs to close scrutiny, with the primary thought of discovering elements of weakness which the pressures of heavier unemployment may sooner or later reveal. Such scrutiny should concern itself with all the manifold phases of this segment of social security, but this paper will be limited to a summary statement of one phase of unemployment insurance, namely, the financing methods which, by and large, we have utilized. Although the financing techniques are indeed only one facet of unemployment insurance, their influence in our own systems seems so pervasive that they deserve special consideration in the process of analysis and evaluation of the entire program. The fact that we do have so many more-or-less independent systems makes for great difficulty in presentation. It is a basic assumption of this paper, however, that there is a definite national interest in the way in which these systems are conducted, hence the necessity of attempting some type, inadequate and incomplete though it may be, of over-all analysis of the record in this complex area.

Creation of the State Systems

In the Social Security Act of 1935, Titles III and IX, the latter of which was in 1939 to become the Federal Unemployment Tax Act, provided the incentive and the framework around which were constructed our fifty-one unemployment insurance systems. Title III provided that all of the administrative expenses of these state programs would be met, as long as certain rather nominal standards were adhered to, by grants from the national government. Title IX provided for the imposition of an excise tax of 3 per cent (after 1937) on the payrolls of em-

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ployers of eight or more in most categories of employment.[3] An offset up to 90 per cent of this tax was allowed to employers who paid, on a similar basis, taxes in states with unemployment insurance programs approved by the national supervisory agency. Such a device in effect made sure that all states adopting such programs would use this tax, at a rate of at least 2.7 per cent, as a means of raising the necessary revenue. In this way interstate tax differentials, one of the major barriers to the creation of unemployment insurance on a state-by-state basis, would be eliminated. Although many doubts were expressed as to the adequacy of this tax as a financing source, no method was then provided in the national legislation for assistance to any state which might exhaust its unemployment reserve funds. Any additional revenue needed by the states would have to be raised by methods of their own choosing.

To these arrangements was added another set of provisions, which authorized the granting of additional credits to employers so that they might receive the full offset even though they paid less than that amount to the state fund, if such reduced payments were permitted because of the individual employer's record with respect to employment. These "additional credit allowance" provisions constituted the only means by which the combined national and state levies upon employers could fall below 3 per cent on covered payrolls as long as the national law provided for such a rate. They also made possible the use of schemes usually referred to in the 1930's as "merit rating", but which later came to be known as "experience rating".[4]

[3] The tax rate was 1 per cent in 1936, 2 per cent in 1937, and 3 per cent thereafter. For 1939 and subsequent years this tax has applied only to the first $3,000 of wages paid individuals in covered employment. It may be observed that this same limit earlier applied to taxes under the Federal Insurance Contributions Act, in support of the Old-Age and Survivors Insurance program, but in 1951 the first $3,600 of wages became taxable in this program. As for unemployment insurance, only one state (and that one beginning only in 1954) taxes wages above $3,000.

[4] Since the early 1930's the desirability of using such techniques has been vigorously debated. For one of the most recent manifestations of this continuing argument, see P. L. Rainwater, "The Fallacy of Experience Rating", *Labor Law Journal*, II (February 1951), 95–104; S. Rector, "Frailty of the 'Fallacy' of Experience Rating", *ibid.*, II (May 1951), 338–349; and P. L. Rainwater, "Rebuttal", *ibid.*, II (October 1951), 753–762. Only in the United States has any substantial use been made of such methods for financing unemployment insurance.

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Conditions for these additional allowances were set forth in some detail for those states which would segregate funds on the basis of individual employer accounts, but for those which chose to pool these funds there was almost complete freedom of choice as to methods of granting reduced rates to employers.[5] The stipulations of the national law regarding revenue raising for unemployment insurance among state systems were thus quite limited in nature. On the expenditure (or benefits) side, there were even fewer provisions to serve the states as guides or standards. The Social Security Act gave extremely little guidance to the states on such matters as amount or duration of benefits, conditions of eligibility for the receipt of benefits, and only limited direction as to the terms upon which applicants for benefits might be declared ineligible to receive them.[6] As far as unemployment insurance was concerned, national policy as expressed in the Social Security Act was limited to making it quite likely that all states would adopt some kind of a program and support it, in whole or in part, by a payroll tax on certain employers. As for the national framework, these circumstances still very largely prevail, for modifications thereof over the years have been distinctly minor in character. During a period when other major phases of social security, such as old-age insurance and categorical assistance, have been repeatedly and substantially modified by Congressional action, the national framework of unemployment insurance remains just about what it was in 1935. Many changes have been proposed, but none of the few accepted has made a significant alteration in the scheme originally adopted.

Under the inducements offered by the Social Security Act, underscored by favorable Supreme Court decisions on the con-

[5] Forty-three of the fifty-one jurisdictions have always used the pooled fund; the others have used at least partial pools. By 1953 all states save one had adopted the completely pooled type of fund. Individual employer accounts are still kept in all states, but they are only devices used in the setting of employer rates; claimants are not denied benefits if the account of a former employer is exhausted.

[6] State laws were required to provide that there should be no denial of benefits if the claimants refused to accept new work when the offered job was vacant because of a labor dispute, when the work terms thereof were substantially less favorable than those in the area, or when acceptance of the job required either joining a company union or nonmembership in a bona fide labor organization.

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stitutionality of the legislation as well as by the outcome of the national election of 1936, universal acceptance of unemployment insurance by the states was achieved by mid-1937. State legislative enactments showed little disposition to utilize the freedom of choice permitted by national law, but such uniformity arose more from the adoption of model bills offered by the Social Security Board (hence presumably certain to meet its approval and permit employers to qualify for the tax offset) than from any unanimity of sentiment as to what state unemployment insurance systems should be or do.[7] As these laws stood in August 1937, all states provided for employer taxes as the chief, or sole, revenue-raising means, although nine of them at that time provided for some additional support through contributions from employees. The rate for employer taxes in all states save three was 2.7 per cent (the full amount that could be offset against the national levy, and hereafter referred to as the standard rate), the other three providing for a rate of 3 per cent. About two states in every three stipulated a size-of-firm coverage equivalent to that of the Social Security Act, with the others extending coverage in varying degrees to smaller firms. Further suggestions of the substantial uniformity among early state laws can be observed in the almost universal tendency to fix benefit amounts at approximately one-half the workers' weekly wage, with maximum benefits set at $15 in every state save three.[8] While there were minor phases of unemployment insurance legislation on which the states displayed greater evidence of individuality, the vast majority of them followed rather closely, as far as financing arrangements were concerned, along the lines set forth in the draft bills made available to them by the Social Security Board.

[7] See Edwin E. Witte, "Development of Unemployment Compensation", *The Yale Law Journal*, LV (December 1945), 34.

[8] The other three states, in their original laws, provided maxima of, respectively, $10, $16 and $18. There was somewhat greater variation in the maximum duration for which benefits could be drawn: thirty-seven of the states fell in the fourteen weeks-sixteen weeks range; one provided a ten-weeks maximum; one a twenty-weeks maximum. *Issues in Social Security*, A Report to the Committee on Ways and Means of the House of Representatives by the Committee's Social Security Technical Staff, 79th Congress, 1st Session (Washington, 1946), p. 561, Tables 24 and 26.

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The State Programs Through World War II

About one half of the states first began to pay benefits to the unemployed during 1938, a year which showed a marked decline in employment levels, but by the time (mid-1939) when benefit payments had been initiated in all states, these levels had risen substantially. The result of this turn of events was that state funds generally appeared adequate, at least in terms of earlier expectations, although there was, of course, a considerable variation among the states in the extent of drain on accumulated collections.[9] As unemployment continued to decline with the increasing upswing of economic activity, the likelihood of heavy demands on unemployment funds receded more and more into the background. The transition to a total-war economy during 1942 brought only a minor strain on these funds, a strain more than compensated for by greatly enlarged taxable payrolls. By 1943 the labor force had become so fully employed that total benefit payments were less than the interest credits to the funds during that year. Even lower levels of payments characterized 1944, and experience during 1945 was almost equally favorable up to the final quarter of the year. The total volume of collections rose substantially through 1943 and then declined in the last two years of the war. One effect of these experiences, as may be seen in Table I, was a more than sixfold increase in unemployment funds between the end of 1938 and the end of 1945.

The larger funds thus made available were, of course, subject to much greater potential liabilities as taxable payrolls grew and greatly increased numbers of employees were brought under coverage. The number of workers with wage credits increased from 27.5 million in 1938 to 44 million in 1944; over the same period taxable wages rose from $25.7 billions to $61.5 billions.[10]

[9] Over the three fiscal years ending June 30, 1941, there were eight cases in which state benefit payments for the year exceeded that year's state collections. In all cases save one the excess was quite small—usually being offset by the interest credits to the state's fund. In the one case, in fiscal 1939, $57 millions in benefits were paid out, and $37 millions collected. U. S. Social Security Board, *Fourth Annual Report, 1939*, pp. 270–271; *Fifth Annual Report, 1940*, pp. 184–185; and *Sixth Annual Report, 1941*, p. 192.

[10] *Issues in Social Security*, p. 572.

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TABLE I

ANNUAL COLLECTIONS, BENEFIT PAYMENTS, AND STATUS OF COMBINED UNEMPLOYMENT FUNDS, ALL STATE PROGRAMS, 1938–45*

Year	Collections (*millions*)	Benefits (*millions*)	Total Fund Balance, End of the Year (*billions*)
1938	$ 819	$393.8	$1.1
1939	825	429.3	1.5
1940	854	518.7	1.8
1941	1,006	344.3	2.5
1942	1,139	344.1	3.4
1943	1,325	79.6	4.7
1944	1,317	62.4	6.1
1945	1,162	445.9	6.9

* Collections began, in most states, in 1936; a fund balance had therefore been accumulated before benefit payments began. Interest credits of about 2 per cent annually have enlarged the fund beyond the net balance of collections over benefit payments.

SOURCE: *Social Security Bulletin.*

The growth in funds was, however, more than adequate to cover such added potential liabilities. At the end of 1941, for example, only two states had funds amounting to 10 per cent of that year's taxable wages in the state, while the funds of thirty-six states were less than 7.5 per cent; at the end of 1945, on the other hand, the funds of every state exceeded 7.5 per cent of the 1945 taxable wages, and forty-four states had funds which were 10 per cent or more of these.[11]

Some liberalization of the benefit provisions of state laws took place during this period. About four fifths of the states increased the maximum benefit amount payable and increased the number of weeks for which benefits could be paid during a single year. There was a widespread tendency to reduce the length of the waiting period, as well as some increase in coverage by a reduction of the size-of-firm exclusions on covered employees. All of these changes tended to increase the amount of protection offered to the unemployed, but to the extent that they were not

[11] U. S. Department of Labor, Bureau of Employment Security, "Unemployment Insurance Financial Developments Through June 30, 1950", *The Labor Market and Employment Security* (September 1950), pp. 44–45.

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universal they decreased the extent of uniformity which had earlier prevailed in the state programs. As of September 1945, for example, there were nine states in which the limits to maximum annual benefits which could be drawn by the unemployed were less than $250, while in seven states this maximum exceeded $500. As the figures on total benefit payments during the war years reveal, the increases in benefit amounts and durations were of small consequence in view of the practically irreducible minimum of unemployment which prevailed during that time.[12]

On the revenue-raising side, substantial changes were brought about by state action through this period. With increasing yields from the employer excise taxes, along with sharply declining benefit payments, the states which had used taxes on workers began to discard them. At the end of the war, only four states still utilized a levy on workers' wages to support unemployment insurance.[13] With respect to taxes on employers, the most significant change was the increasing use of schemes which permitted employers to be granted rates below the standard. During the pre-war years, with the uncertainty as to the adequacy of the newly established financing arrangements, there had been hesitancy on the part of many states to permit such rate variations. For example, in the laws in effect at the end of 1937, eleven made no provision for such employer rate variation; four years later, thirteen of the laws lacked such a provision. Of the thirty-eight states which had these rating provisions in their law, only seventeen actually had rating arrangements in effect at the end of the year 1941. But as unemployment declined and larger funds accumulated, other states adopted such plans; by October 1945, only six states had not put into effect some type of rate variation provision.[14]

The rating plans which were adopted in the 1935–37 period exhibited a substantial degree of uniformity, all of them being modeled more or less closely upon the Wisconsin plan, which rated employers on the basis of the ratio of their respective

[12] The data in this paragraph are drawn from *Issues in Social Security*, Tables 14, 15, 16 and 29-A, pp. 551, 552, 553 and 563, respectively.

[13] *Ibid.*, Table 9, pp. 538–543.

[14] *Ibid.*, Table 39, p. 569.

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reserves (contributions less benefits charged) to their payrolls of some past period. By 1941 other rating methods had been devised and adopted, although the original method continued to be the most widely used. All the methods adopted prior to 1945 had, however, a common element in that they involved charging the account of an individual employer with one or another measure of benefit payments made to his former employees and then relating the charges (or the balances) so derived to the employer's past payrolls. In other words, employer rates under all these methods depended in large part upon the extent to which charges to employer accounts could be avoided. The first significant innovation in rating methods came in mid-1945 with New York's adoption of rate variation by means, primarily, of variation in employer payrolls. Such a method severed the relation between individual benefit payments and employer contribution rates which characterized all other plans adopted up to that time.[15]

In the individual details of these various rating plans there arose a quite remarkable diversity of statutory standards and administrative practices, a diversity which it is impossible to summarize adequately here. On the matter of determination of which individual employer should be charged, for example, when more than one employer was involved in an insurance claimant's recent work history, there were no less than seven different methods used to determine the allocation of charges to the several employers. As one writer summarized the effect of these diversities, "There is no assurance that, in identical circumstances, employers will be assigned the same unemployment compensation tax rate in any 2 of the 45 experience rating states."[16]

Given the low levels of unemployment which prevailed during the war years, and the universal use of rating methods based largely on the volume of benefit payments, it was inevitable that, in the states which had adopted experience rating, there

[15] For a thorough discussion of the various rating methods which have been utilized, see Almon R. Arnold, "Experience Rating", *The Yale Law Journal*, LV (December 1945), 229–237.

[16] Rachel S. Gallagher, "State Differences in Unemployment Compensation Employer Taxes", *Social Security Bulletin*, VIII (October 1945), 16.

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TABLE II

AVERAGE EMPLOYER CONTRIBUTION RATES FOR UNEMPLOYMENT INSURANCE, 1938–1945*

Year	Number of States Using Experience Rating	Average Employer Rates, All States (*Per Cent*)	Average Employer Rates, Experience Rating States (*Per Cent*)
1938	1	2.75	2.74
1939	1	2.72	2.09
1940	4	2.69	2.29
1941	17	2.58	2.17
1942	34	2.17	1.81
1943	40	2.04	1.78
1944	42	1.79	1.59
1945	45	1.60	1.56

* Excludes the effect of additional taxes levied in some of the states during World War II, the so-called "war-risk contributions".

SOURCE: *The Social Security Bulletin.*

would occur a considerable reduction in rates granted eligible employers. Table II summarizes the record through 1945 on average rate levels for all states and for those states using experience rating. It should be pointed out that the rate reductions here indicated do not fully reflect the extent to which rate declines were permitted for eligible employers, because even in the states using experience rating there were always employers who had not been subject to the law long enough to qualify for rate variation and who therefore were required to pay the standard rate.

Certain aspects of the rate structure which developed during this period deserve special mention. In earlier discussions of the desirability of using some method of rate variation among employers, it had generally been assumed that employers with poor records should be penalized by the levying of a rate above the standard 2.7 per cent. That view was reflected in the inclusion of provision for rates above the standard in thirty of the forty state laws which, at the end of 1937, made provision for experience rating. But by the end of 1941, only twenty-one

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of the thirty-eight rating plans then on the statute books provided for penalty rates, and by October 1945 only seventeen of the forty-five states using experience rating provided for penalty rates. In the other twenty-eight states the standard rate had become, at the end of the war, the maximum rate, and in them, therefore, experience rating had become primarily a device for rate reduction.[17]

It had also been recognized earlier that interstate competition was one of the more formidable barriers to the spread of unemployment insurance. One of the main tasks of the Social Security Act was the elimination of this barrier through the setting of a uniform tax, applicable whether any state had an unemployment insurance system or not. The use of the various employer rating schemes had, during the course of the war, contributed substantially to a reintroduction of interstate differentials in the tax base. In 1944, for example, the average employer rate assigned was, in four states, less than 1 per cent; in twenty-three states it fell within the 1 per cent–2 per cent range; in twenty-four states (including the nine which had no experience rating), the average rate assigned employers was over 2 per cent, up to the maximum of 2.7 per cent.[18]

In summary, then, it can be said that the state programs of unemployment insurance had operated, to the end of World War II, in circumstances which were extremely favorable. Under these conditions, none of the doubts expressed earlier as to the adequacy of the financing arrangements had been realized. With the virtual disappearance of unemployment in the last three years of the war, state funds reached a size which could hardly have been anticipated in the mid-1930's, even by the most optimistic. Most of the states liberalized, to some degree, the benefit provisions of their programs, but employer contributions continued to yield amounts far above the modest sums paid to benefit recipients. The most interesting and significant reaction to these conditions was the increasing utilization of experience rating—the only effective way in which state tax rates on employers could be lowered, given the offset

[17] *Issues in Social Security*, Table 39, p. 569.
[18] *Ibid.*, Table 63, p. 595.

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provisions of the national law. There was displayed a substantial tendency to make experience rating solely a means for obtaining rates below the standard, although the arrangements by which and the extent to which employers could qualify for such lower rates showed a very substantial diversity. By the end of the war, the uniformity of legislative pattern which had characterized the beginning period of unemployment insurance had been greatly modified, especially with respect to the financing methods employed. Up to that time, however, there had been little occasion to question the results of that diversity or the means by which it had been brought about. On the surface, at least, the manifestations of solvency were universal; furthermore, provision for the unemployed had fallen quite low on the priority list of public policy questions during the war period.

The State Programs Since World War II[19]

As far as financial adequacy was concerned, our unemployment insurance systems appeared well equipped with funds as they entered the post-war period. There was, to be sure, some uncertainty as to the extent of the burdens with which they would be faced, but as matters turned out the transition period from full-scale war proved to be a brief one. On an annual, national basis, the volume of unemployment has reached 5 per cent of the civilian labor force in only two years of the post-war period. It seems reasonable to infer that our economy, in the years since 1945, has been characterized by as near full-employment conditions as it is likely to achieve short of all-out mobilization for war. Under such circumstances, no major strain could have been expected to fall on unemployment insurance; however, in this period of substantially full employment, fund accumulation has slowed down markedly. The over-all record, as revealed in Table III, shows an excess of collections over benefits, during 1946–52, of slightly more than $400 millions, whereas

[19] Unless otherwise indicated, the data in this section on the current characteristics of the financing of unemployment insurance are drawn from U. S. Department of Labor, Bureau of Employment Security, *Comparison of State Unemployment Insurance Laws as of December 1951* (Washington, 1952), and from the "Current Reports" section of *Social Security Tax Service*, vol. I (New York, Prentice-Hall, Inc.). This latter service has been checked through October 1953.

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TABLE III

ANNUAL COLLECTIONS, BENEFIT PAYMENTS, AND STATUS OF COMBINED STATE UNEMPLOYMENT FUNDS, 1946–52

Year	Collections (*millions*)	Benefits (*millions*)	Total Fund Balance, End of the Year (*billions*)
1946	$ 912	$1,094.9	$6.8
1947	1,096	776.2	7.2
1948	1,000	793.3	7.6
1949	987	1,737.3	6.9
1950	1,191	1,373.4	6.9
1951	1,493	840.4	7.8
1952	1,368	998.3	8.3

SOURCE: *The Labor Market and Employment Security.*

during the 1941–45 period this excess amounted to some $4.7 billions. There have been three years (1946, 1949 and 1950) in the post-war period when total benefit payments exceeded total contributions. The total balances in the state accounts at the end of 1950 were approximately the same size that they had been at the end of 1945; only with quasi-war conditions since mid-1950 did any substantial increase in total balances reappear in the unemployment funds. These figures suggest that financing of unemployment insurance in the post-war period has been subject to influences substantially different from those which characterized the wartime era. Primary consideration will here be given to an examination of those influences which have arisen out of modifications in the benefit and contribution provisions of the various state laws since 1945.

Total benefit payments during 1946–52 averaged approximately $1.1 billions annually, a figure more than twice as great as that of the pre-war peak year, 1940. This increase has occurred despite the fact that unemployment in the post-war period has been a much smaller proportion of the civilian labor force than it was in 1940. Many economic factors help to account for this rise, notably the higher wage levels upon which benefit amounts are based, together with the increased coverage

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of the labor force by unemployment insurance.[20] On the statutory side, one of the principal reasons for the greater volume of benefit payments is the raising of the maximum weekly benefit amounts permitted by state laws. In every state save two this maximum has been increased since 1945. These increases have, however, been far from uniform, so that, as of mid-1953, there was a substantial variation in the upper limits to weekly benefit amounts. Fifteen states provide for maximum weekly benefit payments of at least $30; at the other extreme, five states still have a $20 maximum, and three states a $22 maximum. There has also been, since the war, a noticeable tendency to increase the maximum duration for which benefits may be paid, within a single benefit year; twenty-nine states, through 1952, made such an increase, while twenty-one have made no change since 1945.[21] Four states still have sixteen or fewer weeks as the maximum period for which benefits may be drawn; at the other extreme nineteen states permit benefit payments for as much as twenty-six weeks during a benefit year.[22]

The net effect of these post-war changes has been to expose practically all of the state funds to liability for greater volumes of benefit payments, for a given number of eligible unemployed; and to some degree the increase in such payments in the period 1946–52 is the result of these changes.[23] But it is also significant

[20] The average number of workers in covered employment during 1940 was 23.1 million; in 1952 this number had increased by more than 50 per cent to 35.7 million. "A Review of UI Activities During 1952", *The Labor Market and Employment Security*, March 1953, p. 37.

[21] Five of the states which made no change during the post-war period had, by the end of the war, a twenty-six weeks maximum, which represents the extreme in duration which any of the states have provided. One state is omitted from the tabulation on duration changes, since the nature of the changes there made make it difficult to classify as to whether these changes can be said to represent an increase.

[22] One state, in which under certain quite limited conditions benefits may be drawn for twenty-six weeks, is omitted from this count. In all states the claimants must meet certain conditions to qualify for any particular benefit amount and duration, although in the fourteen states which use uniform duration all qualified claimants may draw benefits for the specified period.

[23] The average weekly payment for total unemployment in 1940 was $10.56; in 1952 it was $22.79; during this period the average number of weeks for which the beneficiaries drew benefits increased only slightly, from 9.8 weeks to 10.4 weeks. "A Review of UI Activities During 1952", *The Labor Market and Employment Security*, March 1953, p. 37.

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that there remains a very wide range in the extent to which the various states have enlarged their potential liabilities in this manner. This variation may be suggested by the fact that, as of mid-1953, in six states, the maximum total payment which can be made to an unemployed person in one year is $400 or less, while in eleven states the maximum liability for the state fund is $750 or more. The extremes range from a low of $320 to a high of $875.[24]

Total contributions in the post-war period, on the other hand, have shown little tendency to climb above the levels reached during the war. Only during 1951 and 1952 was the wartime peak exceeded, the post-war peak being less than 12 per cent above the previous high, attained in 1943. The base upon which contributions were paid has been, since the war, above that of the war period, with the number of workers in covered jobs during 1946–52 consistently exceeding the number during the war, and taxable wages in the post-war period have also run well above their wartime levels.[25] With the base thus increasing after 1945, the explanation for the relatively low levels of collections during 1946–49 obviously lies primarily in the lowered average contribution rates from employers.[26] Table IV reveals the drop in rates to an all-time low of 1.24 per cent in 1948, a slight increase in 1949, a further upward movement in 1950 and 1951, and then a decrease in 1952.

These rate variations have arisen in part out of changes in the terms and conditions set forth in the experience rating systems in the state programs. It has earlier been pointed out that, as of October 1945, there were six states which had not introduced any provision for rate variation among employers; rates in these states had therefore remained constant at 2.7 per cent while

[24] These references to the maximum weekly benefit amount include only what is termed the "basic weekly benefit". In other words, they omit consideration of supplements in the form of dependents' allowances, which are permitted in eleven states. Were they included, the range of the extremes would be even wider.

[25] By 1952, taxable wages had reached a level some 50 per cent above their wartime peak.

[26] The decline in the number of states using taxes on workers and the elimination of the extra assessments used by some states during the war (the "war-risk contributions") are other factors which help to account for this circumstance.

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TABLE IV

AVERAGE EMPLOYER CONTRIBUTION RATES FOR UNEMPLOYMENT INSURANCE, 1946–52

Year	Number of States Using Experience Rating*	Average Employer Rates, All States (*Per Cent*)	Average Employer Rates, Experience Rating States (*Per Cent*)
1946	45	1.41	1.37
1947	50	1.41	1.40
1948	51	1.24	1.24
1949	51	1.31	1.31
1950	51	1.49	1.49
1951	51	1.60	1.60
1952	51	1.45	1.45

* This column indicates the number of states which permit the use of experience rating. During the years 1949–52, some states were forced, under the terms of their laws, to suspend assignment of rates below the standard rate.

SOURCE: *The Labor Market and Employment Security*, July 1952, p. 44, and November 1953, p. 22.

rate levels in other states generally and rather steadily declined. Five of these states adopted techniques for experience rating in 1947, and the sixth followed suit in 1948, so that in the latter year experience rating provisions became a universal feature of the state programs. During the years 1947–48, average rates in these six states dropped well below the standard rates; this development in part accounts for the decline in the nation-wide average of rates during those two years.

In addition to this extension of experience rating to states which had not earlier used it, there were numerous revisions during the post-war period of rate-setting arrangements for covered employers in all the states. The changes that have taken place in this area are so numerous and complex that they defy adequate summary, but some suggestions about their nature may be pointed out. One of the principal trends in the setting of rates during these years has been the creation of alternative schedules under which rate assignment may take

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place. This feature had made its appearance during the war years; on March 1, 1945, eleven states possessed more than one schedule of varied rates, to be applied as appropriate under the respective laws. By December 1951, twenty-nine states permitted one or another of a fixed number of schedules (varying from two to eight) to apply, while nine other states had provisions allowing the number of schedules to be modified under varying conditions without having any fixed number of such schedules. Application of these alternate schedules is related to fund conditions as measured by one, or some combination, of the following factors: absolute dollar size, percentage of payrolls, and a multiple of prior benefits. These schedules are, therefore, often referred to as "fund protection provisions", but they also serve the purpose of allowing employers to qualify for lower rates with no improvement in their employment records, however those records may be measured.

The tendency of such changes to work in the direction of rate reduction rather than strictly as fund protection can be observed in the reduction of the minimum rate for which employers can qualify, under either a fixed schedule or the most favorable one where alternates are provided. In 1945, only six states permitted rates of zero, and this minimum is still allowable in these states. Of the other forty-five, forty have since 1945 reduced the minimum rate permitted employers.[27] There were, as of mid-1953, thirteen states in which employers could be granted zero rates.[28] In 1945, twenty-one states did not permit employers under any circumstances to obtain rates less than 1 per cent; in mid-1953, there were only two states in which there is no provision under which employers can obtain rates below 1 per cent. With respect to the maximum rate provided, on the other hand, there were in 1945 thirty-four states in which the standard rate was the highest which could be assigned; by mid-1953, forty states had

[27] Since 1951, nine states have reduced the minimum rate permitted employers. Six of them reduced this minimum to 0.1 of 1 per cent.

[28] There are two of these states in which rate reductions are effected by the issuance of credit certificates to employers. In them, while the zero rate is not stipulated as such, the employer may in effect receive a zero rate when his credit certificate equals (or exceeds) his tax for the following year.

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the standard rate as the ceiling for employer rates, no matter how poor the employer's experience may have been.[29]

The net effect of these rather widespread tendencies to recast rate schedules and the ranges of these schedules has been to lower the minimum rates for which employers are able to qualify, in the event their experience is relatively favorable, and to reduce also the maximum rates which they can be assigned, in the event their experience is relatively unfavorable. The methods cited do not, however, encompass all the developments which have been used to make it possible for employer rate reduction to take place or to minimize the impact of unfavorable experience on employer rates. The details of such provisions cannot well be summarized, on a nation-wide basis, but some of them may be noted: a reduction in the standard which employers must meet to achieve the prescribed rates; limitations on the extent to which rate increases can be assessed between two consecutive years; increases in credits to employer accounts through means other than the normal contribution process, such as voluntary contributions (permitted in nineteen states in 1952) and the allocation to employer accounts of interest payments accruing to the fund; restriction of the conditions under which charges to employer accounts may be made, by omitting charges when benefits are paid for unemployment after a disqualification has been assessed a former employee, or when the compensable unemployment is of short duration, or when the employer gave the claimant only a brief period of employment, or if benefits were paid on the basis of wages received in more than one state. It has also become easier for one employer to obtain a reduced rate achieved by another employer, through relaxation of the conditions under which experience rates are transferred; in this way much of the effect of the three-year-experience requirement of the national law can be avoided.

As far, then, as the legal framework within which employer rates are set is concerned, it is certainly safe to say that state

[29] In 1951, the latest year on which such data are available, only four states actually assigned rates above the standard to any employers. "Review of Experience Rating, 1951", *The Labor Market and Employment Security*, July 1952, p. 46.

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laws, on the whole, have been modified in the post-war period so as to make it substantially easier for employers to achieve lower contribution rates. Such rate reduction, it should again be noted, could be brought about only through the technique of experience rating; the nature of the national law has made it impossible for the states to extend effective rate reduction through any other means, since such other means would not qualify employers for the additional credit allowances of the Federal Unemployment Tax Act.

A brief survey of the actual course of rates under these post-war changes is needed in order to determine the nature of rate-structure response to the revised statutory framework. It has been noted earlier that, for the nation as a whole, the average employer rate moved downward to a low of 1.24 per cent in 1948. This downward trend was a reflection of various factors, including additional state adoptions of experience rating, the easing of the terms upon which lowered rates could be achieved, and low levels of unemployment not only in the immediate post-war years but also in the last years of the war period itself.[30] After 1948, average rates moved upward through 1951 and then declined moderately in 1952. Rate movements in the individual states, however, show more varying tendencies; these cannot be presented here in detail, but certain summary results may be noted. The range in average employer rates actually assigned among the states is suggested by the data in Table V. The rate distributions there portrayed indicate that there has come to be a considerable amount of variation in the average rates of taxes on covered employers. A few other indications of this development may well be brought forth. In 1948, for example, after all states had made it possible for their employers to achieve reduced rates, the average rate in the state with the lowest rate (0.33 per cent) was less than one-sixth the average rate in the state with the highest rate (2.04 per cent). Since 1948, such disparities have remained wide, in part at least because in each

[30] The rating formulas of all the states contain certain elements of "lag" in that the experience of prior years plays some part in the determination of the rate assessed in the current year. These formulas involve the measuring of certain prior benefits, contributions and payrolls, or, usually, some combination of two or more of these elements.

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TABLE V

DISTRIBUTION OF AVERAGE EMPLOYER TAX RATES, BY NUMBER OF STATES, DURING 1946–52*

Average Employer Rate	1946	1947	1948	1949	1950	1951	1952
Per Cent							
Less than 1.0	11	9	12	14	12	9	15
1.0 to 1.49	14	19	20	22	20	18	16
1.5 to 1.99	17	17	17	13	13	18	15
2.0 to 2.49	3	5	2	1	3	2	2
2.5 to 2.69	0	0	0	0	0	0	0
2.7	6	1	0	1	3	4	3

* The states listed at 2.7 in 1946 and 1947 did not permit rate variation under any circumstances. Those listed at 2.7 in 1949–52 allowed rate variation, but under the terms of their respective laws conditions were such as to require suspension of experience rating in those years.

SOURCE: *Social Security Bulletin* and *The Labor Market and Employment Security.*

of the years 1949–52 some of the states were forced to suspend their experience rating provisions. During this same period, however, average rates in other states remained at or moved to quite low levels. In 1952, there were six states in which the average rate was less than 0.65 of 1 per cent; the average employer rate, then, in these states was less than one-fourth the rate paid by employers in the three states where the standard rate prevailed during that year. The extent of these differentials may be suggested in another way through the fact that in 1951 there were five states in which more than 40 per cent of all eligible employers received a rate of zero; that is to say, they paid no taxes at all to the support of the unemployment insurance programs in those states.[31] What has appeared, then, on the revenue-raising side of unemployment insurance, is a series of developments which have, as one of their major effects, the creation of very considerable interstate differentials and the consequent placing of employers in the high-rate states at a competitive disadvantage—the very situation that the national law was meant to avoid.

[31] In one of these states, 59.7 per cent of the employers eligible for rate modification received a zero rate; in another, 66.2 per cent. "Review of Experience Rating, 1951", *The Labor Market and Employment Security*, July 1952, p. 46.

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TABLE VI

RELATIVE ADEQUACY OF STATE UNEMPLOYMENT RESERVE FUNDS AS OF DECEMBER 31, 1952

State	*Per Cent of Taxable Wages* Reserve Funds, December 31, 1952	Highest Annual Costs During 1946–52	Reserves, End of 1952, as Multiple of Highest Annual Costs, 1946–52
Total United States	8.8	2.3	3.8
Iowa	11.2	.7	16.0
Colorado	10.9	.8	13.6
New Mexico	10.8	.8	13.5
District of Columbia	9.6	.8	12.0
Nebraska	8.9	.8	11.1
Texas	7.4	.7	10.6
South Dakota	9.5	.9	10.6
Wisconsin	11.6	1.1	10.5
Idaho	13.0	1.5	8.7
Montana	14.1	1.7	8.3
Wyoming	10.2	1.4	7.3
Minnesota	8.7	1.2	7.3
Arizona	10.7	1.5	7.1
Georgia	9.6	1.4	6.9
North Carolina	10.9	1.6	6.8
Kentucky	12.8	1.9	6.7
Missouri	10.0	1.5	6.7
Ohio	9.4	1.5	6.3
Indiana	7.9	1.3	6.1
Delaware	5.8	1.1	5.3
Florida	7.2	1.4	5.1
Louisiana	9.9	2.0	5.0
Utah	9.9	2.0	5.0
North Dakota	8.9	1.8	4.9
Virginia	6.9	1.4	4.9
Mississippi	10.3	2.1	4.9
Arkansas	8.3	1.7	4.9
West Virginia	9.0	1.9	4.7
Hawaii	10.0	2.2	4.5
New Jersey	12.1	2.8	4.3
Nevada	10.3	2.4	4.3
Illinois	7.3	1.8	4.1
Kansas	8.8	2.2	4.0
South Carolina	7.4	2.0	3.7
Tennessee	8.4	2.4	3.5

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TABLE VI—*Continued*

RELATIVE ADEQUACY OF STATE UNEMPLOYMENT RESERVE FUNDS AS OF DECEMBER 31, 1952

State	*Per Cent of Taxable Wages* Reserve Funds, December 31, 1952	Highest Annual Costs During 1946–52	Reserves, End of 1952, as Multiple of Highest Annual Costs, 1946–52
Pennsylvania	6.9	2.0	3.4
Connecticut	11.0	3.2	3.4
Vermont	10.0	3.0	3.3
Maryland	8.3	2.5	3.3
Michigan	7.5	2.3	3.3
Oklahoma	6.6	2.1	3.1
Oregon	8.1	2.6	3.1
Maine	9.5	3.1	3.1
Alabama	6.9	2.3	3.0
New York	9.8	3.3	3.0
Washington	12.1	4.4	2.8
California	9.1	4.0	2.3
Alaska	6.3	3.4	1.9
New Hampshire	6.7	4.0	1.7
Massachusetts	5.0	3.7	1.4
Rhode Island	3.8	6.2	0.6

SOURCE: Derived from data in "Unemployment Insurance Financial Developments Through June 30, 1953", *The Labor Market and Employment Security*, November 1953, pp. 22–23.

The differentials in benefit levels and tax rates which have come to characterize the state unemployment insurance programs imply the possibility that there may also be a substantial lack of uniformity among the states in the adequacy of the reserve funds which they have accumulated. Aggregate dollar balances in the combined state unemployment funds suffered no marked attrition during the post-war period; during most of this time they were at or above the level reached in 1945, and at the end of 1952 they had attained an all-time peak (see Table III). However, such maintenance of or improvement in the absolute and aggregate dollar amounts of the funds does not mean that their financial adequacy remains as great as it was at the end of the war. It has already been pointed out that potential liabilities to which the funds are subject are much greater during

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the post-war period than they were at any earlier time. In addition, the aggregate figures do not reflect the extent to which individual state funds may have varied under the pressures of differing patterns of unemployment and state provisions with respect to all those factors which affect program revenues and disbursements. There is, unfortunately, no single satisfactory measure by which the adequacy of state funds may be compared. About the best reasonably simple approach that can be made is through a process of (1) converting state funds as of a given date to a percentage of the state's taxable payrolls for a preceding period, (2) obtaining a cost figure by measuring the ratio of benefit payments in the state against the period's taxable payrolls, and (3) comparing fund size ratio with the cost ratio. Table VI presents a ranking of the states on a basis of this type. Fund size for each state, as of the end of 1952, is indicated as a percentage of the taxable wages in that state for 1952; the cost figure taken is that ratio of benefit payments to taxable wages in the state in the post-war year for which such ratio was the highest. The right-hand column contains, for each state, a multiple which indicates the number of years for which the fund of each state, at the end of 1952, could support benefit payments at the highest cost rate prevailing since World War II. Some indication of the wide range in financial adequacy, as measured on this basis, is given by the fact that the funds of eight states were capable of sustaining benefit payments at the highest post-war cost ratio in the respective states for a period of ten years or more; in four states, on the other hand, funds would become exhausted in two years or less, under the same circumstances. This technique for ranking the state reserve funds is by no means completely satisfactory, but it does serve to point up the fact that, as of the end of 1952, their ability to meet possible future drains varied very considerably. The material set forth in Table VI does indicate that, should the incidence of compensable unemployment in the future occur in a pattern similar to that of the 1946–52 period, some state funds would doubtless be dissipated long before the funds of other states were subjected to serious diminution, unless the state structures of benefit payments and contributions should be modified drastically.

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Conclusion

This survey of state experience with the financing of unemployment insurance reveals the development of quite substantial interstate differentials both with respect to the rates of contribution levied on covered employers and to the extent of protection afforded to the unemployed. It also reveals that there is a substantial range in the degree of adequacy of state reserve funds which have been accumulated, and that some of these funds are relatively so small that they could be quickly dissipated in the event of a sharp and continuing upturn in the volume of unemployment. There has as yet been no major difficulty encountered in the raising of funds sufficient to pay the volume of benefit payments actually made, but this success, such as it is, can undoubtedly be attributed more to the low levels of unemployment over most of the past fifteen years than it can be to any inherent adequacy in the financial structure of the state systems.

Developments such as these are only what could reasonably have been expected from a set of arrangements which left the basic policy decisions with respect to unemployment insurance and its financing almost exclusively in the fifty-one separate state or territorial systems. A substantial uniformity in state patterns did prevail in the early days of these systems, but it arose out of the peculiar circumstances involved in the introduction of unemployment insurance; as the states gained experience with this type of social insurance such uniformity has tended to disappear. It is true, without doubt, that some of the loss of uniformity has come about because states have been willing to experiment with new methods and policies. But here, as in so much of the other legislation of this general type, the success of these new methods and policies in one state is likely to generate little if any pressure on other states to adopt them; there are indeed advantages which accrue from being a laggard.

It is not a contention of this paper that the financing arrangements employed in our unemployment insurance program are solely responsible for the conditions that have been shown to have developed. Certainly differentials would have characterized state systems, had the states been left any freedom at all

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to make policy decisions. It does appear, however, that the techniques which have actually been used to finance unemployment insurance have increased the pressures for the appearance and growth of such differentials, and these pressures have gone largely unchecked by virtue of almost nonexistent requirements on the national level. In states where employment conditions have been relatively favorable, experience rating provisions in the national law have made it possible for continuing tax rate reductions to be awarded employers, even to the extent that considerable numbers make no payment at all to the state programs. In states where, on the other hand, employment conditions have been relatively unfavorable, the pressure has worked toward either the restriction of the volume of benefit payments or the retention of high rate levels on subject employers, or both.[32]

The appearance and growth of these interstate differentials have not escaped notice, nor has there been any dearth of recommendations designed to minimize or eliminate them.[33] They have ranged in nature from complete nationalization of the unemployment insurance systems to mere exhortation of the states to correct these developments through unilateral actions. The scope of this paper permits no consideration of the merits of these several suggestions, though it does appear that at the least a type of approach involving the setting of compulsory minimum national standards must be used, since exhortation

[32] Some of the early advocates of experience rating were well aware of the way in which the additional credit allowance provisions of the Social Security Act's Title IX might accentuate the development of interstate differentials; they recommended the establishment of national minima in tax rates and benefit provisions. See Herman Feldman and Donald M. Smith, *The Case for Experience Rating in Unemployment Compensation and a Proposed Method*, Industrial Relations Counselors Monographs No. 1 (New York, 1939), pp. 59–60.

[33] Presidents Roosevelt and Truman, during their terms of office, made numerous recommendations to this effect, and so have the Social Security Board and its successor supervisory agencies, and the Advisory Council on Social Security to the Senate Committee on Finance. Recent press reports indicate that the present national administration is exhibiting concern over what it considers to be certain deficiencies in this area, although no specific proposals for correcting them seem yet to have been made. Many private agencies and groups have, through the years, made suggestions for revising these conditions.

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and adjuration have, in this connection, a distinctly quixotic flavor.

The only step which has actually been taken in assertion of a greater national interest in the functioning of unemployment insurance through the state systems was the creation by Congress in 1944 of a federal unemployment account in the Unemployment Trust Fund.[34] From this account interest-free advances could be made to state funds which reached low levels. This provision, which was relatively free of any pressure on such states to change their patterns of financing, was designed as a temporary measure and, after two extensions of its expiration date, it expired on January 1, 1952. Since that date there has been no arrangement for national aid to state funds which are in difficulty. There has, however, been extensive consideration in Congress of techniques for renewing the availability of such aid. These proposals fall into two major types. On the one hand are those which would provide for a reinsurance fund consisting of unappropriated balances of amounts obtained from Title IX and Federal Unemployment Tax Act levies; from such a source outright grants would be made to state funds nearing exhaustion, these grants to equal the excess of benefit payments over tax receipts, and to be made upon the condition that the states obtaining the grants levy at least the standard rate of tax on all covered employers. Such a provision would limit the extent to which states requiring grants would be put under pressure to raise additional taxes or restrict the terms for benefit payments to the unemployed.[35] The other type of proposal would create a similar national fund, out of which loans would be made to states requiring aid; however, if these loans should not be repaid within a stipulated period, the states would be penalized, in that the 90 per cent offset regularly allowed against the federal tax would be reduced by successively larger amounts for each year in which

[34] This was done in the War Mobilization and Reconversion Act of 1944.

[35] An example of this type of proposal can be found in H. R. 2261, 83rd Congress, 1st Session. This bill is reprinted in *Unemployment Insurance*, Hearings before the Committee on Ways and Means, House of Representatives, 83rd Congress, 1st Session, on H. R. 3531, H. R. 3530, and H. R. 2261 (Washington, 1953), pp. 1–3.

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such unreturned balances exist.[36] The effect of such provisions would be to increase the total tax rates on employers in the affected states or to restrict in some way the volume of benefit payments made. Either of these effects would tend to accentuate the interstate differentials in unemployment insurance financing which already exist.

There is, it appears, a basic cleavage in our attitudes toward unemployment insurance. This cleavage arises out of differing conceptions as to the type of problem which unemployment represents. It affects our willingness to recognize that the circumstances such as those described in this paper do constitute a problem, as well as our ideas as to what, if anything, should be done to modify those circumstances. There are still those who insist that unemployment is not a national problem, and their influence is, accordingly, thrown in the direction of giving the individual states more authority to control their unemployment insurance program, minimizing the rôle of the national government.[37] Others are convinced that the problem is largely, if not entirely, one in which the national interest and policy should be paramount. It does seem that the Social Security Act of 1935 was itself in part a recognition of the nation-wide interest in unemployment as a problem. The course of events since that time suggests that the means chosen to express that interest were imperfect and now require modification.

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[36] Such a bill, H. R. 5173, was passed by the House of Representatives, 83rd Congress, 1st Session; it has been referred to the Senate Committee on Finance for action in the 2nd Session. This bill would limit the size of the federal unemployment account, from which loans could be made to the states, to $200 millions; any additional amounts credited to this account would be turned over to the states for their use in the paying of benefits or in the administration of their unemployment insurance systems.

[37] "Unemployment is in essence a state and local problem. The worker's job and unemployment problems are experienced in a local job market. The units of government closest to that job market are best qualified to establish an unemployment compensation system which will be coordinated with attempts to provide employment within the private economy." *Financing Unemployment Compensation*, Project Note No. 32, The Tax Foundation, Inc. (New York, 1953), p. 34.

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THE OPEN SOCIETY: A RECONSIDERATION

Professor Karl R. Popper's book, *The Open Society and Its Enemies*,[1] attained almost the standing of a classic with its first appearance. Such a book, in its second edition, demands a careful and critical reëxamination of its major premises and conclusions, even though this may involve an apparent lack of proportion, in taking for granted the many points of agreement, and singling out for discussion those on which doubts still remain in one reader's mind.

To Professor Popper, it is clear, certain ideas, or attitudes of mind, which might have been adjudged safely dead a generation earlier, revived with a sinister and menacing life in the years that led up to the Second World War. These were the ideas that are summed up in the word totalitarianism, and he saw in them not a purely contemporary phenomenon but a tradition as old as our civilization. Their chief prophets, in his opinion, were Plato and Hegel, followed, though not to quite the same degree, by Aristotle and Marx. His book is thus a response to the challenge of contemporary politics and should be judged as such.

He forces us also to estimate his work as history. He does not say: this is what the ideas of Plato on politics amount to in a modern setting, and it is an evil thing; but rather: this is what Plato was attempting to do in his own day, and these are the consequences which flowed from it. This is a historical judgment, and in employing this line of argument Professor Popper is relying on the accuracy of his historical interpretation, which, it might perhaps be thought, is to weaken his case unnecessarily.

Fundamentally, I take him to be concerned with establishing the danger, or worse, of a particular way of looking at the problems of society. This way he takes to be that of Plato, and it is certainly one which plausibly can be attributed to the author of the *Republic*. He devotes a great deal of learned and profound discussion to establishing the correctness of this interpretation, but to me, at least, it seems that for his main thesis this is a secondary issue. Similarly, the discussion of the motives of Plato, of which Professor Popper often takes rather a low view, is surely of minor significance unless we are to suppose that good intentions necessarily go with sound political ideas and vice versa. Moreover, it is to be remembered that the influence of a writer, and the relation of what he said to what men made of it, is a highly speculative subject. In appearing to base his argument on his interpretation of the historical rôle of Plato, therefore, Professor Popper lays himself open to the criticism of those who

[1] Second Edition (revised). London, Routledge & Kegan Paul, Ltd., 1952. 2 vols. xi, 318; v, 375 pp. 42*s*.

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are unable to accept his description of Plato as "a totalitarian party-politician, unsuccessful in his immediate and practical undertakings, but in the long run only too successful in his propaganda for the arrest and overthrow of a civilisation which he hated" (I, 169–170).

This interpretation of Plato is only the first step in a general historical argument. "The conflict between the Platonic-Aristotelian speculation and the spirit of the Great Generation, of Pericles, of Socrates, and of Democritus", writes Professor Popper, "can be traced throughout the ages" (II, 22). Thus Christianity was, in the beginning, "in part, a protest against what may be described as Jewish Platonism in the wider sense" (I, 22); and he detects a close "parallelism between the creed of the Great Generation, especially of Socrates, and that of early Christianity" (II, 23). Admittedly this might not be quite so easy to say of medieval Christianity, but the official recognition of the Christian Church, it is suggested, may have been "an ingenious political move on the part of the ruling powers, designed to break the tremendous moral influence of an equalitarian religion." With Justinian's persecution "the dark ages began", and after this "the Church followed in the wake of Platonic-Aristotelian totalitarianism, a development that culminated in the Inquisition." Professor Popper has some scathing things to say of "the medieval conversion of Christianity into an authoritarian creed", though even this "could not fully suppress its humanitarian tendencies" (II, 58). With these opinions I have much sympathy, but is there not something a little arbitrary in a definition of Christianity which seems to confine it to those aspects of the religion which coincide with one's own ethical principles, regardless of the actual manifestation in history of the Christian churches? Similarly, some of the methods of Athenian imperialism, as well as the acceptance of slavery, though admitted, are not allowed to be an integral part of the picture of the "Great Generation".

The historian will be still more shaken when he reads that, while "medieval authoritarianism began to dissolve with the Renaissance", "on the Continent, its political counterpart, medieval feudalism, was not seriously threatened before the French Revolution" (II, 30). These phrases suggest a very personal usage of the terms "authoritarianism" and "feudalism". I should have thought there were reasons for holding that authoritarianism in Church and State was throughout most of Europe a good deal more extreme in the sixteenth century than it has been earlier; and certainly in most of Western Europe medieval feudalism had completely changed its nature long before the eighteenth century. It is by neglecting the latter fact that Professor Popper is able to declare that "the fight for the open society began again only with the ideas of 1789."

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The ancient struggle now reappears in the modern world. "Just as the French Revolution rediscovered the perennial ideas of the Great Generation and of Christianity, freedom, equality, and the brotherhood of all men, so Hegel rediscovered the Platonic ideas which lie behind the perennial revolt against freedom and reason" (I, 30). I find this interpretation a little difficult to reconcile either with the facts of revolutionary history or with the theories propounded by the revolutionaries. Take, for example, Sieyes' *Qu est-ce-que le tiers état?*, the most famous expression of the ideas of 1789: "La Nation existe avant tout, elle est l'origine de tout. Sa volonté est toujours légale"; "de quelque manière qu'une nation veuille, il suffit qu'elle veuille; toutes les formes sont bonnes et sa volonté est toujours la loi suprême." Such opinions were not mere abstract theories. Sieyes spoke for a France that was soon to be the France that guillotined Lavoisier, the France of the Committee of Public Safety, of the Directory and of Napoleon. Was he the herald of the open society that, according to Professor Popper, the Revolution proclaimed, or the prophet of nationalism and totalitarian democracy? Professor Popper sees the principle of the national state, or nationalism, as born (he says revived) in Germany, out of the writings of Herder, Fichte and Hegel. I think it is arguable that the description of Hegel's theory of the state as nationalism is misleading, but whether this be agreed or not, the close link between nationalism, "totalitarian democracy", and the ideas of the French Revolution can hardly be seriously questioned.

Professor Popper's historical pattern is based on the antithesis between the "open society" achieved by the Athenians of the "Great Generation" and by the French Revolution in modern times, and the "closed society", or the "return to tribalism" advocated above all by Plato, and in modern times by Hegel, as a remedy for the strains of freedom. It is not difficult to see that the modern antithesis does not correspond to historical facts. On the "open society" of fifth-century Athens our knowledge is so patchy and indirect that there is more scope for speculation.

In making these comments from the point of view of a historian, I am not, of course, quarrelling with the assertion that each generation has the right to interpret history in its own way—it will do so whether it has the right or not. Nor would I suggest that "under the influence of an inapplicable idea of objectivity", we should refrain from presenting historical problems from our own point of view (II, 268). I am only suggesting that there are features of the important judgments I have quoted which are "not really in keeping with the accepted records" (II, 266).

It is a pity that Professor Propper has chosen to present his argument in a historical form, because in fact it is not dependent for its validity on

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historical evidence. It is really an impassioned indictment of a series of what he believes to be wrong, indeed immoral and dangerous, approaches to the problem of politics. The most important of these are, to summarize them briefly: historicism—the belief that there are laws discernible in history, which enable us to prophesy the course of future events (I, 3); and "essentialism"—"the view, held by Plato and many of his followers, that it is the task of pure knowledge or 'science' to discover and to describe the true nature of things, i.e. their hidden reality or essence" (I, 31). The main object of Professor Propper's book is to subject historicism and essentialism to a close examination: his criticism of both as methods of social thought seems to me convincing. Plato is the arch-priest of these heresies and his theories are discussed with great thoroughness. What is said of Aristotle is much slighter.[2] It is concentrated mainly on the deficiencies in his approach to science, and this can hardly be questioned. But in even an avowedly slight treatment, the description of Aristotle's "Best State" as a compromise between "a romantic Platonic aristocracy, a 'sound and balanced' feudalism, and some democratic ideas" (II, 3) is not really adequate. Here, as elsewhere, I am in some doubt as to what "feudalism", which after all is a term of art and not of abuse, signifies for Professor Popper.

From Aristotle we proceed to Hegel, whose opposition to the supposedly "open society" of the French Revolution is paralleled by that of Plato to the "open society" of the "Great Generation". The subsequent discussion of the ideas of Marx is more substantial and is written in a sympathetic tone very different from the invective lavished on Plato and Hegel. Whereas Professor Popper was concerned to expose their conscious dishonesty, he recognizes the sincerity of Marx. "His open-mindedness, his sense of facts, his distrust of verbiage, and especially of moralising verbiage, made him one of the world's most influential fighters against hypocrisy and pharisaism" (II, 82). Marx's faith, Professor Popper believes, was fundamentally in the "open society", in spite of his "sociological determinism" (II, 200, 208). I cannot but feel that if Professor Popper had followed with Marx the line of criticism that he applies to Plato and Hegel, he would have found equal opportunities for attributing less elevated motives to him and judging his ideas by the consequences that flowed from them in practice. This criticism is to some extent

[2] Incidentally, Professor Popper's references to Aristotle as a mediocre writer and to his "dry systematisation" (II, 2) are curiously contradicted by the "golden flow" of eloquence attributed to Aristotle by Cicero, no mean judge of a literary style. The explanation, presumably, is that we have mostly only the lecture-notes of Aristotle, and who would like his style to be judged by lecture-notes?

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acknowledged, and to some extent answered, in the Preface to the revised edition.

The exegesis of Plato and Marx, while not the kind that would have been produced by one of the faithful in either case, is learned and pertinacious to a high degree. It could be discussed adequately only at great length, and by one as familiar as its author is with the works of both masters and equally gifted in the analysis of ideas. The crux of the matter lies in the ideas of the open society, of which Professor Popper regards Plato and Aristotle, Hegel and Marx, as the enemies. It is in the attempt to discover what he means by the open society that I have the greatest difficulty. The clearest statement I can find is that "the closed society is characterised by the belief in magical taboos, while the open society is one in which men have learned to be to some extent critical of taboos, and to base decisions on the authority of their own intelligence (after discussion)" (I, 202). The essential problem here is the nature of the discussion; there is, for example, Hegelian discussion, which Professor Popper would certainly not regard as a satisfactory substitute for the system of totem and taboo. His answer to this problem seems to be that "The only course open to the social sciences is . . . to tackle the practical problems of our time with the help of the theoretical methods which are fundamentally the same in *all* sciences" (II, 222; *cf.* I, 286).

It is not necessary to attempt a summary of the profound and highly illuminating analysis that Professor Popper makes of scientific method, but it will be sufficient to say that in his view the social sciences should copy science in employing "the methods of trial and error, of inventing hypotheses which can be practically tested, and of submitting them to practical tests." The result would be the development of a social technology "whose results can be tested by piecemeal social engineering" (II, 222). This seems admirable to me. I believe it is the method, and perhaps not uninfluenced by the development of the scientific mind, which, in a rough and ready way, has often been applied in English politics during the last three centuries. It is far removed from Platonism or Hegelianism.

There is one difficulty which has to be met. It may be objected that an engineering technique is all right so long as you know what kind of engine you want, or at least what purpose it is to be used for. If it is replied that we are given the engine in the shape of society and its institutions and are not presented with the task of making one *de novo*, it still remains true that we need this knowledge before we can decide what kind of modifications are required. Science cannot tell us this, and Professor Popper does not suggest that it can. His demonstration of the barrenness of "scientific" ethics is convincing (I, 237–238). "It is impossible to

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derive a sentence stating a norm or a decision or, say, a proposal for a policy from a sentence stating a fact; this is only another way of saying that it is impossible to derive norms or decisions or proposals from facts" (I, 64. I have omitted some italics in this quotation). "In the case of a scientific theory, our decision depends upon the results of experiments. . . . But in the case of a moral theory, we can only confront its consequences with our conscience. And while the verdict of experiments does not depend upon ourselves, the verdict of our conscience does" (II, 233). This, I think, could hardly be better put, but it leaves us with the problem that, while Professor Popper's conscience produces one set of verdicts, whatever passed for a conscience in, say, Hitler produced a very different set.

The problem for the political theorist, it seems to me, is to discuss why the conscience, or the ethical intuitions, of Professor Popper are preferable to those of Hitler. His reply is that "it is impossible to prove the rightness of any ethical principle" (II, 238). That is, I think, true; but it leaves us in the position that we must either accept the fact that the ethical intuitions of different men are at bottom contradictory and opposed to one another, in which case there is no reason for preferring one to another, except that it is ours, or else we must venture into the field of ethical discussion.

It would be no fair criticism of Professor Popper to complain of a failure to pass beyond the critical to the constructive, because his whole book is based on a positive conception of the open society, though we have to pick out the positive elements in his doctrine from scattered passages at different points in the argument. His basic outlook is "humanitarian", by which he means that all should have an equal share in the burdens and advantages of citizenship, and that the laws should be equal for all and should be impartially administered. This equalitarianism seems to me a good example of the ethical intuition which is incapable of ultimate proof, which does not mean that it is not susceptible of argument calculated to promote its acceptance, or at least to undermine the prevailing theories of the superior claims of one section or other of society or of the human race. But at bottom it is an act of faith.

It is always a good thing, I think, to see what principles mean in practice, if only as a test of the firmness with which we hold them. Let me take another of Professor Popper's theories of the way in which the open society should function. He is rightly suspicious of efforts to make people happy by state action. "It leads invariably to the attempt to impose our scale of 'higher' values upon others, in order to make them realise what seems to us of greatest importance for their happiness; in order, as it were, to save their souls" (II, 237). He proposes, therefore, to replace the principle "maximise pleasure" by that of "minimise pain"

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(II, 304; *cf.* I, 284–285). This principle may be tested by a positive example. I suppose that any government in Great Britain, faced with the necessity to make a decision whether to declare war on Germany or not in 1939, on the principle of minimizing pain should have remained at peace. On any reasonable calculation the human suffering likely to result from the war surely far outweighed any that was likely to be prevented by it. The consideration that war might possibly, though I should have thought hardly probably in the circumstances of 1939, minimize the calculable suffering in the long run is ruled out by an argument which Professor Popper employs elsewhere. Some Marxists believe that there would be less suffering involved in a violent social revolution than is inherent already under the capitalist system. "But . . . how can they evaluate the suffering in the one state and in the other? Here . . . a factual question arises, and it is . . . our duty not to overestimate our factual knowledge. . . . Can we condemn one generation to suffer for the sake of later generations?" (I, 287). These are very strong arguments, but I am left with an uneasy feeling that they would have added up to the wrong answer in 1939, and that therefore "minimise pain" is by itself not invariably a safe principle.

As Professor Popper approaches more closely to politics I find myself increasingly alarmed at what seem to me rather *simpliste* analyses and solutions. Thus he declares that "we need only distinguish between two forms of government, viz. such as possess institutions of this kind [those in which the rulers, that is, the government, can be dismissed by the ruled without bloodshed], and all others; i.e. democracies and tyrannies" (II, 161). The distinction is a valuable and important one; it is only difficult when we try to apply it in practice. By this criterion all the governments of France and Great Britain in the eighteenth century were tyrannies, for they certainly could not be dismissed by the ruled peacefully; but one cannot help wondering whether a classification which makes no distinction between the governments of George III or Louis XVI and those of Hitler and Stalin is as useful as it might be.

My alarm is increased when I find that the "ardent liberalism" of Kant is held up for admiration, with special reference to his *Principles of Politics* (I, 247). Professor Popper deplores the failure of English and American writers to recognize fully this liberalism. Without denying the nobility of much of Kant's thought, a single quotation from him may help to explain this lack of appreciation. Kant writes:

> All resistance to the Sovereign legislative power, every kind of instigation to bring the discontent of the subjects into active form, and rebellion or insurrection of every degree or kind, constitute the highest and most punishable crimes in the commonwealth; for they

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> would destroy its very foundations. . . . Even if the Supreme Power, or the Sovereign as its agent, were to violate the original contract, and thereby in the judgment of the subject to lose the right of making law, yet as the Government has been empowered to proceed even thus tyrannically, no right of resistance can be allowed to the subject as a power antagonistic to the State.

Again, "A right of compulsion or coercion, in the form of resistance in word or deed against the sovereign Head of the State, can never belong of right to the people." Even the greatest of British conservatives were more liberal than this. Hume disliked rebellion profoundly, but with characteristic sense he observed that it was absurd to grant the people a share in the supreme power without at the same time granting them a right to defend that share from encroachment; while Burke, at the height of his crusade against the French Revolution, in 1794, could write of a revolt in India, "The whole country rose up in rebellion, and surely in justifiable rebellion." Certainly it is better to be able to change one's government without bloodshed if possible, but to make the absence of bloodshed the essential factor, as Professor Popper seems to do, if I understand him correctly, is to rob ourselves of the ultimate defense of liberty.

I hope that in presenting these difficulties I shall not be supposed to be in disagreement with the greater part of Professor Popper's thesis. Scientific analysis and "piecemeal social engineering" have, I am sure, an important contribution to make to the solution of the political problems of social life. I think it is fair to say that there is now more of both than ever before in the history of the world. The only question I am tempted to ask is whether we know to what purpose to put them. Any possible answer may be only a partial and provisional one, but at least we ought to be aware of the need for putting the question. I suspect that we are ceasing to do so, on the assumption, which, perhaps unjustly, I think I detect even in Professor Popper, that we know the answer, and that no sensible men could disagree about it. Unfortunately this seems to be far from true, nor can I see that science is giving us, or has a capacity in itself for giving us, any discussion of this question. Science may be the new Leviathan, it is not the new Messiah. This, indeed, is Professor Popper's own teaching: "Neither nature nor history can tell us what we ought to do. . . . It is we who introduce purpose and meaning into nature and into history" (II, 278). That, I suppose, is what Plato was trying to do. I agree with Professor Popper in disliking the way he did it and the results he achieved, but the human need for purpose and meaning still remains. Is it too much to ask that this brilliant book should be the prolegomena to a discussion of these fundamental issues?

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REVIEWS

Church, State, and Freedom. By LEO PFEFFER. Boston, The Beacon Press, 1953.—xvi, 675 pp. $10.00.

In recent years churchmen and statesmen have been prolific commentators on the First Amendment. They have not always shown that temperate spirit which Christian tradition associates with the ministry and the democratic faith ascribes to politicians. This may inevitably be the case when problems of church and state become problems of constitutional law and therefore matters to be disposed of in litigation. Now that issues of political theory have been resolved, at least temporarily, by judicial decision it is fortunate that Mr. Pfeffer, a lawyer who has played an energetic part in many of the most important recent cases, has published this exhaustive book on the constitutional law of church and state in this country. He is the thorough master of his subject and has produced a book which will be indispensable for all persons, whether churchmen, statesmen, or scholars, who are concerned with the issues of which he writes, and who seek expert guidance through the forest of cases.

Thus to commend Mr. Pfeffer for his admirable and useful work is not to suggest that his study has the dispassionate balance of a book of reference. It has more of the qualities of a lawyer's brief than of a legal treatise and must therefore, for its generalities, be used with caution. It will seem to some readers, even to some who share Mr. Pfeffer's secularist convictions, that history does not as clearly compel his reading of the First Amendment as he believes that it does. He is in the advantageous position of having judicial endorsement of his views in the Supreme Court's decision in the McCollum case.[1] Though the Supreme Court may bind the nation to its law, however, it has not yet secured the power to compel acceptance of its interpretation of history. Mr. Pfeffer, in my judgment, has introduced no more persuasive evidence than has the Court to establish the two historical propositions upon which the decision in the McCollum case is founded. The first tells us that it was the purpose of those who proposed and those who ratified the First Amendment to prohibit nondiscriminatory federal aid to religious enterprises. The second tells us that when the Fourteenth Amendment was adopted it was

[1] Illinois ex rel. McCollum v. Board of Education, 333 U.S. 203 (1948).

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intended by all concerned that the states could thenceforth adopt no laws respecting an establishment of religion and therefore, like Congress, could give no support to religious activities. The first proposition is built on two misleading assumptions—that the views of Madison and Jefferson are unmistakably clear, and that no other contemporary interpretations of the non-establishment clause than those of Madison and Jefferson have constitutional relevance. Mr. Pfeffer is evidently reluctant to betray the liberal tradition and read constitutional provisions as absolutes, yet he obeys the command of logic and acknowledges that if his reading of the non-establishment clause is right, tax exemption for churches, compulsory chapel at West Point, and the presence of the phrase "In God We Trust" on coins are all unconstitutional practices. It is not only the spokesmen for sectarian groups who find it hard to accept such relentless doctrine as this and who wonder how the guarantee of religious freedom can be a reality if the non-establishment clause produces discrimination against religion. If constitutional history has taught us any lesson it is that unbending absolutes have no place in constitutional law.

Mr. Pfeffer's discussion of the effectiveness of the Fourteenth Amendment in extending to the states the nation's disability to aid religion seems particularly unsatisfactory. He makes no reference to Professor Fairman's exhaustive reëxamination of the history of the adoption of the Fourteenth Amendment[2] and writes as if Horace Flack's study were the last and authoritative word on that complex story.[3] More significantly, he uses the assertion of Mr. Justice Roberts in the Cantwell case, that the Fourteenth Amendment has "rendered the legislatures of the states as incompetent as Congress" to enact laws respecting an establishment,[4] as authority for his thesis that to the absolute disability of the nation the Amendment of 1868 added the absolute disability of the states. He offers no evidence to support his assumption that the principle of non-establishment in 1868 had been given the rigid meaning which the Court gave it in 1948. Authoritative evidence of that sort is not available, for the Supreme Court never attempted to interpret the clause until it disposed of the McCollum case. There is in fact some reason to believe that as late as 1940 the Court assumed that the non-establishment clause, at least as it applies to the states, does no more than prohibit a particular means for infringing religious liberty. Mr. Pfeffer in his reliance on the

[2] Charles Fairman, "Does the Fourteenth Amendment Incorporate the Bill of Rights?", 2 *Stanford Law Review* 5 (1949).

[3] Horace E. Flack, *The Adoption of the Fourteenth Amendment* (1908).

[4] Cantwell v. Connecticut, 310 U. S. 296, 303–304 (1904).

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Cantwell case fails to notice that the non-establishment clause, as Mr. Justice Roberts read it, did nothing more than forestall "compulsion by law of the acceptance of any creed or the practice of any form of worship." Despite Mr. Pfeffer's valiant persuasive efforts the logic of language and the evidence of history combine to convince me that his rigid principle of non-establishment can be embraced neither by the word "liberty" nor by the phrase "privileges and immunities of citizens" as the word and the phrase are used in the Fourteenth Amendment.

The fault in Mr. Pfeffer's advocacy may be illustrated, I think, by an examination of a Jeffersonian phrase which has played a significant part in judicial decisions, as it does in Mr. Pfeffer's argument. Like others before him, he credits Jefferson with coining the phrase "a wall of separation between church and state" (p. 119). Perhaps Mr. Pfeffer is right in his belief that the phrase summarized the extreme secularism of Jefferson's conviction. It is significant, however, that almost the same phrase was used by Roger Williams with a meaning which surely was not Jeffersonian. It was as a vigorous churchman that Roger Williams warned his contemporaries that "when they have opened a gap in the hedge or wall of separation between the garden of the church and the wilderness of the world, God hath ever broke down the wall itself . . . and made His garden a wilderness. . . ."[5] Perry Miller has recently made it clear that the conventions of liberalism have distorted reality in conceiving that Williams' thought was social rather than theological. Mr. Pfeffer has not only accepted that convention but he has throughout his entire discussion sought, with the instruments of history, to cut the meaning of language to the measure of contemporary needs as he sees them. To Jefferson the wall of separation symbolized the barrier between the powers of government and the individual's conscience; to Roger Williams it represented the bulwark by which the integrity of churches was to be secured. The same phrase used by different men at different times took meaning from the man and from the problems of his day. Mr. Pfeffer, I suggest, has undertaken a hopeless task in seeking to show that the constitutional phrase "respecting an establishment of religion" meant the same thing to each of the states which endorsed it by ratification of the First Amendment, and that in 1868 the same meaning lay implicitly in the back of the minds of those who spoke, of "liberty" and "privileges and immunities of citizens". The history of ideas is surely more complex than that.

[5] See Perry Miller, *Roger Williams: His Contribution to the American Tradition* (Indianapolis, 1953), p. 98.

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These disagreements with some of Mr. Pfeffer's hopeful presuppositions do not serve to weaken my conviction that his vigorous and learned work is an important contribution to contemporary studies of church and state.

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The People's Right to Know: Legal Access to Public Records and Proceedings. By HAROLD L. CROSS. New York, Columbia University Press, 1953.—xxiv, 405 pp. $5.50.

"Harold Cross has written with full understanding of the public stake in open government, and at the same time has produced a critically needed legal study which will serve as a beacon to every editor who collides with the red-tape curtain with which so many officers of government try to shroud their official actions. The reader will find charted for the first time the relevant main features of that baffling region where the management of all our political units either shows clear for all to see, or takes on curious protective colors, or just vanishes mysteriously from mortal sight." So states James S. Pope in his foreword to *The People's Right to Know.*

Mr. Pope is eminently qualified to express an opinion of both this book and the problem it is about. He is executive editor of the Louisville *Courier-Journal* and *Times*, a responsible post on one of the most responsible of our daily newspapers. In 1950 he succeeded Basil L. Walters of *The Chicago Daily News* as chairman of the Committee on Freedom of Information of the American Society of Newspaper Editors. In recognition of the "sharp and critical disagreement between the country's newspaper editors and the officeholders" over "how much should the people know?" the A.S.N.E. directors in October 1950 authorized Mr. Pope to consult Harold Cross about the compilation of information on a nation-wide front "about the ultimate resort" in a "broad-scale offensive against freedom of information."

Following a preliminary study, Mr. Pope reported to the A.S.N.E. at its April 1951 annual meeting. As a result, the directors and membership authorized a "comprehensive report on customs, laws and court decisions affecting our free access to public information whether it is recorded on police blotters or in the files of the national government." This sound and solid book is the product of that study. Starting with the conviction that "public business is the public's business"—"the people have the right to know"—Mr. Cross's book becomes truly enough "a manual of arms on combatting news suppression." It states and analyzes

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constitutional provisions, federal and state laws, decisions of courts of all levels, opinions by federal and state Attorneys General and official regulations—all concerning the degree of public access to public proceedings and public records.

The general impression is of course that in the free United States of America, where the people govern themselves, the public, through its newspapers, can see just about anything it wants—aside from military and related security secrets. That impression like so many others is wide of the mark. City councils, school boards, county commissions and legislative groups, almost without number, have done their public business behind closed doors. Many county clerks, sheriffs, police chiefs and some judges have closed their records to public scrutiny. How far this suppression has gone and what can and should be done about correction are told in this book.

Harold Cross of Skowhegan, Maine, brings a nearly perfect set of qualifications to his work. For some thirty-five years he practiced newspaper law, his clients including the *New York Herald Tribune*. He also was a lecturer at Columbia University Graduate School of Journalism on libel and other laws affecting the press.

The Cross study is heavily documented with a separate section of detailed notes. There are several appendices of pertinent state statutes, cases, sources and authorities which are invaluable for further reading or application in specific instances of opposition to repressive tactics.

One of the incidental merits of the book is that it is freely interspersed with quotable lines from Lord Coke, Patrick Henry, James Madison, Norman Angell and others on freedom of the press. One of these quotations provides an appropriate sentiment on which to close this notice of a book of which the American Society of Newspaper Editors may be justly proud. The quotation is from the Supreme Court decision in the Louisiana newspaper tax case of 1936.

The late Justice George Sutherland, one of the Republican "conservative" judges who guarded the liberties in the Bill of Rights more zealously by far than many of his Democratic successors in the Roosevelt-Truman years, read the majority opinion. In it he said: "A free press stands as one of the great interpreters between the government and the people. To allow it to be fettered is to fetter ourselves."

May this book help all officials and editors realize how unalterably true that is!

IRVING DILLIARD

ST. LOUIS POST DISPATCH

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Essays in Positive Economics. By MILTON FRIEDMAN. Chicago, The University of Chicago Press, 1953.—328 pp. $5.75.

Milton Friedman is a distinguished younger economist whose genius has expressed itself to date mainly in the form of essays and articles rather than in formal treatises. A collection of essays by him is therefore particularly welcome, as it gives the reader an opportunity to survey a large volume of his work in convenient fashion.

The essays are grouped into four Parts, which however really cover three general topics. Parts I and IV are on methodology, and consist of a long essay on the methodology of positive economics, most of which has not been published before, and two review articles. The book would perhaps have been better balanced if the two articles in Part IV had been included in Part I. Part II consists of two essays in price theory—one on the Marshallian demand curve and the other on the welfare effects of income and excise taxes. These are highly technical, even beyond the point of diminishing returns at times, and are of interest only to the technical economist. Part III consists of six essays on monetary theory and policy, and are mostly written for a fairly broad audience. They are perhaps the most interesting part of the collection, certainly so for the nonspecialist. The first is a most important article (previously published only in French) on the effects of a full employment policy on economic stability, in which it is argued that unless full employment policies are carefully timed they may actually increase rather than diminish the amplitude of the cycle, especially where lags in effect are important. The second essay, entitled "A Monetary and Fiscal Framework for Economic Stability", contains Friedman's constructive proposals. They are of course dominated by the pessimism of his previous article, and stress automatic mechanisms and 100 per cent reserve banking in the Chicago tradition. Nevertheless the case is presented cogently, and is worth serious consideration. It is an odd commentary on our time that the "Chicago position" has no place on the conventional political spectrum—it is hard to classify as either right or left. It is "radical" in the Benthamite sense though not "liberal" in the twentieth-century sense. The next essay is a spirited defense of free markets in foreign exchanges as the only practical alternative, in a world of rigid internal prices and wages, to the throttling of international trade by quantitative restriction. Then comes criticism of the commodity-reserve currency plan, penetrating and persuasive, but not, to the present reviewer's mind, wholly convincing because of the restriction of the argument to the purely monetary issues. Finally there is a brief but incisive criticism of the "inflationary

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gap" concept as a tool of analysis, and a brief but brilliant defense of monetary policy as a remedy for inflation.

Friedman may not be a deflationist, but he is certainly a deflator. His critical blast blows like a north wind against the more pretentious erections of modern economics. It is however a healthy and invigorating blast, without malice and with a sincere regard for scientific objectivity, though somewhat fixed in its direction. On several points the reviewer would—with some trepidation—take a defensive stand. On the methodological issues Friedman perhaps lays too much stress on prediction rather than on understanding as the test of scientific validity. If we say the weather tomorrow will be the same as today our prediction may be statistically more accurate than that of the meteorologist, but it will lack understanding. On the policy issues he takes perhaps too rosy a view of the virtues of the unregulated market, and one wonders if his passion for automaticity in government is not derived in part from too great reliance on the economic abstraction. There is a certain tendency toward economic melodrama—all restrictions are villains, all free prices are heroes, and the heroine's passion for villains is pure perversity. It at least remains to be proved, for instance, that the speculative fluctuations of free exchanges do not do as much damage as the restrictions generated by fixed exchange rates. Nevertheless the essays stand out as clear, vigorous presentations of a rather unfashionable but by no means untenable point of view.

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From Lenin to Malenkov: The History of World Communism. By HUGH SETON-WATSON. New York, Frederick A. Praeger, 1953.—xv, 377 pp. $6.00.

Professor Seton-Watson, known for his excellent work on contemporary Eastern Europe, in the present book has made an attempt to write the up-to-date, comprehensive yet thorough study of world communism so much needed by the political scientist.

Two largely analytical chapters dealing with Europe before 1914 and the Russian Revolution serve as an introduction to the subject matter of the book. From a discussion of the Comintern the author then proceeds to a chronological examination of communist developments in Russia and in Europe during the 1920's. The following section tells the story of communism in Asia, covering approximately the same period. In four additional chapters events during the 1930's and early 1940's in Russia, Europe, Asia and Latin America are retraced. Another group

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of four chapters (constituting about one third of the entire book) deals with communism in post-war Russia, Eastern Europe, China and those areas in other parts of the world (including Latin America, but excluding the United States) which presently are outside the communist orbit. A substantial last chapter analyzes the political and social conditions which in the author's opinion further or impede the rise of a communist movement. This leads naturally into an examination of the possible solutions to the problem of successful resistance to communism.

As the author makes clear from the beginning (p. viii) the present work is "intended to be both less and more than a survey of communism in the world today or a history of communist movements." Rather the main theme of the book is an appraisal of Communist efforts—as conditioned by the social and political developments in the area—to win recruits, to seize and wield power. Served by his considerable knowledge of Eastern Europe the writer systematically points up comparisons between the variety of social and political situations encountered and the attempts, successful or otherwise, by Communists to seize power in their respective national settings. The conspicuous rôle played in this discussion by the colonial and national problem is a natural consequence of the author's approach.

Already in his earlier work on Eastern Europe the author stressed the relationship of communist movements to social classes. This approach is now extended to other parts of the world and especially to Asia. Although admittedly not an expert on Asian affairs and relying therefore for his analysis on (an excellent selection of) secondary sources and observations, Seton-Watson presents a realistic appraisal—often more sound than that of specialists.

It is difficult to praise highly enough the author's thoroughness and quality of scholarship. Familiar as he is with the languages and history of the Slavic countries, these areas present no difficulties. But Seton-Watson gives us also an excellent summary of developments in areas with which he is less familiar. The copious, but selective bibliography appended to the book and every line and footnote of the study are evidence of the hard work that has produced this analysis.

There exists perhaps one point on which the reviewer cannot wholly agree with the author, namely, his views on the relative importance of international Communist organizations. Repeatedly (for example, pages xi and 329) it is asserted that these have little bearing on the methods used by Communists to seize power and on victory or defeat of Communist revolutionaries. The exact function of an organization such as the Cominform or the World Federation of Trade Unions is certainly not

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easy to determine in concrete terms, but their rôle in bringing about policy shifts (such as the one in Japan in 1950) would seem worthy of examination within the context of a study devoted to world communism. Seton-Watson's reasoning that these organizations ever since the middle 1920's are subject to the orders of Moscow and therefore of interest only to the specialist somehow does not seem entirely satisfactory.

Apart from the wealth of factual information this study contains, it can be highly recommended for its scholarly appraisal of the Communist potential, its realistic recommendations for a positive anti-Communist policy and for its often unorthodox, but thought-provoking comments on controversial issues (such as the problem of China-Japan trade). Seton-Watson's book constitutes a lasting contribution and should be read with profit by the scholar, the policy-maker and the general reader alike.

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UNIVERSITY OF SOUTHERN CALIFORNIA

How Russia Is Ruled. By MERLE FAINSOD. Cambridge, Harvard University Press, 1953.—xiv, 575 pp. $7.50.

There has long been a need for a comprehensive study of the development, structure and domestic impact of Communist rule in Russia. In *How Russia Is Ruled*, Professor Merle Fainsod of Harvard University's Russian Research Center comes about as close to meeting this need as Soviet secretiveness permits. Mr. Fainsod has relied in part upon historical sources, in part upon interviews with Soviet refugees, and in part upon scanning of the Soviet press, from which, he points out, "there is more to be learned than is commonly recognized." He has carried his account up to the formation of the Malenkov régime. Despite the swift pace of events since then, the book is as timely and useful today as when it was written, which is a commentary upon both the book itself and the continuity of Soviet practice and policies.

It is divided into four parts, each of which could and perhaps should constitute a separate volume: (1) a historical analysis of the factors behind the Bolshevist revolution and a study of the change in the Bolshevist movement after it came to power; (2) a review of the party's structure, functioning and rôle; (3) a survey of the machinery of rule—the Constitution, the Soviets, the bureaucracy, police and armed forces; and (4) a discussion of controls and tensions in industry and farming. The book concludes with a sober appraisal of strengths and weaknesses in the Soviet system.

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Any book which covers this span of subjects in considerable detail must suffer from some unevenness. The review of the Bolsheviks' path to power is an incisive study in the dynamics of revolution. The detailed account of the Communist party of the Soviet Union incorporates a mass of research, including some particularly valuable statistical tables. The outline of the instruments of Soviet rule, while covering much familiar ground, will be found useful in the classroom. But the final section, "Controls and Tensions", suffers from the inevitable weakness of some of its material. In so far as the author deals with the system of management and controls in factory and farm, he presents an informative and fairly specific picture, but when he turns to tensions and the cohesiveness of the Soviet system he is dealing with intangibles on the basis of admittedly insufficient data and must fall back frequently on broad, guarded generalities. He is frank to caution the reader at each step and he qualifies his judgments carefully. Granted the unavoidable limitations of the material, his conclusions from refugee interviews are of interest, however.

Professor Fainsod views the Bolshevist movement as an indigenous but not inevitable response to the environment of Tsarist absolutism. He traces the complex interplay between the Bolsheviks, upon coming to power, and the stubborn realities which they sought to master, and shows how, in the course of that struggle, instruments became ends and "the party of revolution was transformed into the party of order," employing nationalism and conservative social institutions as tools of power. Today, says the author, the Communist party reflects increasing elitist tendencies and faces the prospect of growing alienation from the masses outside its ranks unless it should periodically broaden its membership.

Professor Fainsod ventures some tentative hypotheses concerning the political attitudes of Soviet people. He stresses the fact that attitudes vary greatly among groups and individuals in Soviet society, depending upon their life situations and the degree to which they have identified themselves with the régime. There are marked variations over the age span, with an obvious tendency of the Communist ruling group to rely heavily upon winning the support of the oncoming younger generations; attitudes also vary with national affiliations, reflecting the Russification pressure upon the "lesser" nationalities. Some Soviet policies, he says, particularly welfare policies in such fields as public education and health services, command approval even among the disaffected, while other aspects, notably the arbitrary power of the secret police, are disapproved even by supporters of the régime. Patriotic attachment is a strong factor, and much in the individual's reactions depends upon whether he has a

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practical possibility of electing a more attractive alternative to Soviet life. "Most Soviet emigres", Mr. Fainsod concludes, "tend to discount the possibility or probability of the emergence of any organized or spontaneous revolutionary movement capable of unseating the Soviet regime in the near future."

However, there are strong pressures within the Soviet system which may exert some influence upon the régime; among these Professor Fainsod cites the resentment against the secret police, the collective farmer's dissatisfaction with his lot, national feelings and consumer goods shortages. Interestingly enough, the first acts of the Malenkov régime, or at least the propaganda accompanying them, seem directed at these sensitive spots. The purge of Beria became the signal for official press criticism of the arbitrary rule of the M.V.D. under Beria, the collective farmer has been encouraged to increase his individual earnings, the national question has been played down for a time, and an ambitious consumer goods program has been proclaimed. Professor Fainsod speculates upon the possibility of a tendency toward relaxation of the régime, but he is not optimistic: "The governing formula of Soviet totalitarianism rests on a moving equilibrium of alternating phases of repression and relaxation, but its essential contours remain unchanged."

He is more hopeful that Soviet policy in the international sphere will be modified:

> The Communist faith in ultimate victory makes room for periods of retreat as well as advance, for the ebb and flow of the revolutionary tide, for oscillating phases of relative quiescence and strong offensive. Whenever the Kremlin faces opponents whose power is appraised as appreciably greater than that of the Soviet bloc, a period of defensive consolidation is indicated. . . . If its relative position becomes weaker over the years and the dynamic momentum of its forward drive is decisively checked, it become [*sic*] possible to envisage a future in which the Soviet leadership gradually loses its evangelical fervor and sense of imperial destiny and resigns itself to function within a framework of limited objectives and circumscribed ends (p. 288).

Interesting as are Professor Fainsod's conclusions, the great value of his work lies in the mass of detail and the sharp and clear analysis which he has brought to bear upon it.

In view of the thoroughness with which he has treated incentives and repression as levers of power, it is the more regrettable that he has given only scant attention to the coördinate matters of indoctrination and ideology. These aspects are not properly part of the subject of political rule in Western democracy, but in the Soviet system they are of overwhelming importance. Yet one hardly finds mention of the rôle played

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by the so-called "creative intelligentsia" as an arm of Communist power. To obtain the full picture of "how Russia is ruled" it is necessary to employ, in conjunction with Mr. Fainsod's admirable work, such a book as Alex Inkeles' *Public Opinion in Soviet Russia: A Study in Mass Persuasion*, another Harvard Russian Research Center volume. Professor Fainsod's strict delineation of the area to be covered in his book is understandable, but many readers might have been better served if he had touched upon the machinery of indoctrination in somewhat more detail.

It is unfortunate, too, that the organization of the book entails a certain amount of repetition and back-tracking. When the author writes of the Army, he must speak of the rôle of the Young Communist League, and vice versa; when he writes of the State Planning Committee he must discuss the play of pressures in drafting and applying the plan, and some of this same material must be retraced when he deals with factory management; the effects of the purges upon each link in the apparatus of rule must be shown, with inevitable repetition, and there is a recurrence in each area of many identical Soviet situations, such as the rise of cliques on lower levels for mutual protection against the pressures from above. But perhaps there is no way to avoid a sense of repetition in the parts of such a book. By comparison with its value as a contribution to scholarship, considerations of this kind become minor.

LEO GRULIOW

CURRENT DIGEST OF THE SOVIET PRESS

Moscow and Chinese Communists. By ROBERT C. NORTH. Stanford, Stanford University Press, 1953.—ix, 306 pp. $5.00.

Mr. North has been engaged for a number of years in the preparation of *Moscow and Chinese Communists*. Few in this relatively uncharted field have enjoyed his advantages. He has had constant access to the rich documentation in the Hoover Library at Stanford where he worked on his project; an able linguist himself, he has also used the services of competent Russian and Chinese translators associated with the Hoover Library; he has traveled to China (Hong Kong) and India in search of additional materials not available in this country and to interview earlier participants in the Chinese Communist movement; and he has been able, thanks to a Ford Foundation fellowship, to follow an unhurried schedule in organizing his material. Mr. North supplements these advantages with his own acquired talents as editor (*Pacific Spectator*) and novelist (*Revolt in San Marcos*, 1949). The appearance of this book is under-

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standably an event of some importance for those in the field of Chinese-Soviet relations as well as for many in related fields.

Mr. North devotes more than half of his study to the first decade of the Chinese Communist movement, from 1921 to 1931. The documentation covering this period is rich and he has used it skillfully to show the Comintern's intricate—and largely unsuccessful—efforts to compel revolution in China. Most decisions, he finds, were made arbitrarily in Moscow without regard for the views of the Chinese leadership and, more important, often without regard for objective conditions in China. While Mr. North sheds some new light on this period—concerning the rôle of the Indian M. N. Roy, for instance, one of those interviewed by Mr. North during his visit to the Far East in 1950—it is perhaps unfortunate that he has chosen to devote so much time to an era of Soviet-Chinese Communist relations that has been ably covered by other writers, notably Professor Benjamin I. Schwartz of Harvard in *Chinese Communism and the Rise of Mao* (1951).

By contrast, Mr. North's coverage of the succeeding decade is often too brief. Materials concerning the soviet period in Kiangsi (1931–1934) are admittedly meager, yet it is not clear why the author has omitted altogether the critical fifteen months following the Seventh Comintern Congress in 1935 and given only one short paragraph to the Sian crisis in December 1936 (p. 177). The latter episode, the kidnapping of Chiang Kai-shek by two of his generals, marked a turning point in Soviet policy in China, particularly with respect to the question of Kuomintang inclusion in the united front; it also marked the beginning of a significant divergence in Russian and Chinese Communist attitudes toward the future of the revolution during this anticipated alliance. Mr. North's readers would greatly have benefited from his views on these developments.

A further weakness in Mr. North's treatment of these middle years is his strong reliance—both implicit and explicit—on information given him by Chang Kuo-tao, one of Mao's principal rivals for the party leadership prior to his expulsion in 1938. Much of Chang's evidence cannot be supported. His claim of Comintern support for himself over Mao in 1935 (p. 175), for instance, runs directly counter to all known information concerning Mao's relations with Moscow during this period, including much that Mr. North himself accepts. Testimony such as Chang's often has excellent collateral or auxiliary value; its extensive use here, however, as primary evidence is out of keeping with the high standards of objectivity Mr. North has set for himself.

In his final chapters, covering the period from 1941 to the present,

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Mr. North has often been compelled, through the scarcity of materials, to leave Soviet strategy far in the background. He has instead devoted much of his attention to an inspection of the Chinese Communist movement in the broader context of international affairs. This is a service not normally performed in a study of this sort, but it is nonetheless pertinent and timely. In challenging the too easy assumptions and conclusions of the McCarran hearings in 1952 (pp. 229 *et seq.*) and in reviewing the entire scope of American Far Eastern policy since the war (chapters xiii and xv), Mr. North turns to political analysis of a highly distinctive and valuable sort. *Moscow and Chinese Communists* therefore has a dual appeal: as the first comprehensive survey of Soviet-satellite relations in one complex and vital area and as a persuasive appeal to reason in our approach to Far Eastern problems, the book deserves a wide audience.

Charles B. McLane

Windsor, Vt.

The China Tangle: The American Effort in China from Pearl Harbor to the Marshall Mission. By Herbert Feis. Princeton, Princeton University Press, 1953.—x, 445 pp. $6.00.

America's loss of China has moved us more profoundly than did Brandywine or Chancellorsville or even Pearl Harbor. It has aroused a response compounded of resentment, frustration, and a longing for the might-have-been. It cuts so deeply because it embraces all the qualities of high tragedy—including irreversibility.

It is fitting that Mr. Feis calls his study of the background of this defeat a "tangle". Tangle it was—accidental, involved, infuriating. He explores every strand he can locate, with all the tirelessness he demonstrated earlier in his *The Road to Pearl Harbor*. Writing from the sources in print and from State Department archives, he creates his dramatic effect by simply and boldly laying the record bare. "I have not sought in telling the story", he states, "either to console or condemn. . . . I greatly hope that by assisting just understanding of what occurred and why, it will reconcile us in the task ahead of redeeming our purposes in China" (p. viii).

To have saved China would have called for a victory over the fortuity of history itself. A greater military effort could have been made only at the expense of the war in the West. Would the salvation of China have compensated us for the possible loss of Europe? Since only one reply to this question is reasonable, did we do the best we could in Asia in the circumstance of having to fight on two fronts at the same time?

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The answer to that is the heart of the book, and it proves to be an explication of how our best was insufficient. To understand *why* is to come close to unraveling the mysteries of the historical process itself. If one seeks a scapegoat here, he will be disappointed. It was not military bungling: the competence of Stilwell and Wedemeyer is not likely seriously to be challenged. It was not unwillingness to succeed on the part of the Roosevelt Administration: Hull was unshakably convinced that China must be kept in the war at all costs and that she merited our fullest support. It was not alone the corruption and almost insufferable arrogance of the Nationalists: as Feis points out, "even the most capable government would have been on the defensive—hard tried to convince a weary people that their troubles were due not to its faults but to the hard facts of war" (p. 91). It was not lack of international prestige for China: the Cairo Conference formally recognized her as one of the Big Four.

If it was a misunderstanding of the nature of the Chinese Reds, then there was an eerie similarity between Stalin's calling them "margarine" Communists and Patrick Hurley's referring to them as "so-called Communists". If it was bad advice from our Foreign Service officers, it is also true, as Feis observes, that the training of these men was in Oriental languages and not in Communist dogma and method. If it was the failure of the Yalta Agreement, Soviet military strength seemed in the beginning of 1945 to be essential in the struggle against Japan.

Of our war aims in China there was never any doubt and they accorded with our historic hopes there: we would clear the mainland of the aggressor, try to prevent civil conflict, and labor to maintain the Open Door. Each in turn was thwarted. Ironically, even the success of our arms worked to crush our policy. Writes Feis: "the atomic bomb, the precipitous end of the war, threw off balance what plans there were for the gradual return of the Chinese government forces into the liberated areas, and caught the American organizers of the war without an advanced program for action in China" (p. 335).

One day the Chinese and Russian versions of our debacle will be published. But we may always rely with confidence on this masterly book. Its reliability derives from Feis's wise willingness to judge each episode in its own setting of time and place and thus to affirm that "even as meadow and mountain look different in every passing hour of day and night, so does the land of historical decision" (p. 239).

HENRY F. GRAFF

COLUMBIA UNIVERSITY

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The Arab World: Past, Present, and Future. By NEJLA IZZEDDIN. Chicago, Henry Regnery Co., 1953.—xii, 412 pp. $6.50.

Seven Fallen Pillars: The Middle East, 1945–1952. By JON KIMCHE. New York, Frederick A. Praeger, 1953.—xxv, 439 pp. $4.00.

The area of overlap of the two works under review embraces the independent Arab states and Palestine (or Israel). It is also on this region that both essentially focus, although additionally Nejla Izzeddin deals with French Northwest Africa and Jon Kimche with Turkey and Iran. The authors deplore the extreme inequality of the distribution of wealth and its political consequences in most of the Arab countries. They inveigh against the landed oligarchies who have conducted the several governments for the furtherance of selfish interests with utter disregard for the welfare of the rank and file. Beyond agreement in their sympathy for the peasantry and the emergent class of urban labor hovering between starvation and mere subsistence, and in their conviction that the Western Powers have yet to develop a meaningful policy toward the vulnerable Arab-Israel zone, the two authors could hardly share less in common.

A former Reuters correspondent with a roving Middle East assignment in the early post-war years, Jon Kimche examines the Arab-Irsael area as an outsider. Nejla Izzeddin, an American-educated woman of (Lebanese) Druze origin, views Arab society from within. She evaluates the travails and aspirations of her widely scattered people in the past four decades within the context of the cultural heritage dating back to the age of Arab splendor in the early centuries of Islam. Though captive of the recent past, Mr. Kimche nevertheless animates his two-dimensional journalist notebook with astute, and often original, political analysis. His forte is Dr. Izzeddin's weakness. For the summary of political developments in the Arab East after 1914, to which the major part of her survey is devoted, is ill-organized and rarely rises above the superficial and the banal. Nor is this surprising. As a trained anthropologist, she begins to excel only when she probes cultural forces. Her narrative visibly quickens as she turns to such questions as the status of woman in Arab Islam and the psychological tensions that keep alive Arab suspicions of the West, indeed of the outside world as a whole.

Dr. Izzeddin's political pleading is more cogent than her political history. She belongs to a growing circle of educated and forward-looking Arabs who condemn as a sham the form that parliamentary institutions have taken in the Arab East. The liberals of this stripe firmly believe that the Arabs are capable of blending their own traditional values with the scientific methods and parliamentary democracy of the West for the general advancement of Arab society. They are persuaded that the

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present military régimes in Egypt and Syria are harbingers of social and political reform throughout the Arab East. The two governments, in Dr. Izzeddin's own words, are "motivated by a vision of the public good, enjoying wide if not unanimous support, and commanding the power to act. . . . The contrast is striking between the constructive determination evident [in Egypt and Syria] . . . and the hesitant action elsewhere in the Arab countries where efforts at reform are restricted and confined by a multitude of inhibitions and fears." The author glosses over the implications of military dictatorship and implies that the period of army rule is an indispensable preliminary to the gradual development of truly representative government.

In the scheme of Dr. Izzeddin and her school no thought is given to mutual accommodation between the Arab states and Israel, or even to the possibility of peaceful coexistence. Israel is simply excluded. Consequently, the author makes no effort to study the complex forces to which Israel owes its birth. Israel is merely dismissed as a creation of the United States and England. It is precisely on this issue that the positions of Dr. Izzeddin and Mr. Kimche come into sharp contradiction.

The latter's chapters on Britain's fumbling in Palestine, the rapid post-war disintegration of the mandate and the rise of the Jewish state are balanced, penetrating and closely reasoned. *Seven Fallen Pillars*, which first appeared in England in 1950, has now been revised and enlarged. Many of the earlier factual errors have been pruned from the American edition, especially from the recast version of Middle East petroleum politics. The author has also appended vibrant accounts of Britain's surrender of the Anglo-Iranian Oil Company's vast properties in Iran and the diplomatic stalemate in Egypt. Intimate contacts in the two Labor Governments' inner sanctum, moreover, assisted him to explain how fateful decisions on the Middle East were taken, and though a partisan of Labor's domestic program in England, he does not spare Bevin and Morrison for mistaken judgments on the Arab-Israel zone or for that matter on Iran.

Mr. Kimche's handling of Soviet relations with the Middle East is as inferior as Dr. Izzeddin's treatment of Britain, and both alike fail to grasp the complex factors that contributed to the apprehensive unfolding of United States policies on the Middle East in the past decade. The authors are also annoyingly slipshod in their citations and references, which often appear to have been composed from memory. Still, despite grave limitations, the two volumes may be read with profit by layman as well as specialist.

J. C. HUREWITZ

NEAR AND MIDDLE EAST STUDIES
COLUMBIA UNIVERSITY

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Struggle for Africa. By VERNON BARTLETT. New York, Frederick A. Praeger, 1953.—ix, 246 pp. $3.95.

The experienced reporter and observer who has written this book has concerned himself mainly with an account of the current political problems that face the separate African areas. Although the publishers claim this to be "the first comprehensive survey of the continent's vast range of tremendous problems", thus overlooking Lord Hailey's compendious and authoritative *African Survey*, now undergoing revision, and a host of lesser books, the author is more modest in stating that "this is not a book for the expert" but rather his "impressions" of a continent visited three times in post-war years.

Although Bartlett's descriptions are lively and quite accurate, it is not likely that a person who has studied Africa closely will derive great benefit from this book—it is, and admittedly so, superficial. The physical and economic bases of many African problems, often as intransigent as the political problems, and with an important bearing on them, are seldom mentioned, and even the political accounts are frequently highly sketchy in historical and cultural background. The book, then, is largely repertorial, and analytical only to a minimal degree.

The author begins with the Union of South Africa and works his way around the continent in a general clockwise direction concluding with a look at the Central African Federation. The Union receives the greatest coverage, close to a fourth of the book, and, in the reviewer's opinion, this is the best part. Like most observers, Bartlett is appalled at the increasing rigidity and the retrogressive nature of the racial legislation. He sees only a few glimmers of hope in the dismal situation: one, that the booming economic advance will necessitate a relaxation of the color bar, and, two, that some kind of federation of racial states might alleviate the tension.

The reviewer would seriously question two of the general themes of Bartlett's book. One is the commonly heard notion that racial problems are the dominant ones over all the continent. They are that in the Union, in Kenya, and, with reservations, in the Central African Federation. But, in the Gold Coast and Nigeria the chief problem is no longer one of race relations but whether the native governments will be effective and democratic. That racial conflict is slipping into the background is indicated by the responsible attitudes adopted by Nkrumah, by the gradually moderating statements in West African newspapers, and even by the increased willingness of many southern Nigerians to conciliate the intranational and British-Nigerian relations. In the Sudan, which is rapidly achieving self-government, the racial problems also seem to

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belong far down the list. In the Congo, French Equatorial Africa, the Camerouns, Tanganyika, and other territories it is difficult to see that racial problems are paramount. Perhaps so many observers have exaggerated the place of racial problems because they are sensational and emotional and because these observers have adopted an unnecessarily apologetic position for the white man. Surely it is visiting the sins of the great-grandfathers to suggest, as Bartlett does, that the sight of the old slave market in Accra should fill a white viewer "with shame".

A second general point which he makes that merits analysis is expressed in the final chapter where he states that "two major considerations" must affect the future of racial relations: first, "that the continent belongs to the black men", and, second, "that our civilization cannot afford to leave immense areas of the world undeveloped." It is easy to state glibly that Africa is the black man's continent, but is it really necessary or morally sound to subscribe to the sort of continental apartheid this seems, on analysis, to imply? When one asks the question—should it be applied to other continents?—the weakness of its application to Africa becomes apparent. The rights of the white and the brown people in Africa may surely be recognized without minimizing the desire and the necessity to improve the political status of the African.

Struggle for Africa may be recommended to those seeking under one cover an up-to-date report of the political conditions in the separate African areas. In this sphere, it is accurate and eminently fair in its treatment.

WILLIAM A. HANCE

COLUMBIA UNIVERSITY

The Economic Development of Mexico: Report of the Combined Mexican Working Party. Published for The International Bank for Reconstruction and Development by The Johns Hopkins Press, Baltimore, 1953.—xxiv, 392 pp. $10.00.

This is the tenth of the country reports of the International Bank, but differs from the earlier reports in that it is not the product of a Bank mission, but of a working party of two members from the Bank's staff, and of two Mexican members from *Nacional Financiera* and the *Banco de Mexico*. The discussion is centered on national income, and little attention is given to financial institutions, the fiscal system, government administration, or such problems as education and public health, that have been covered in detail in some of the Bank's earlier country reports. About two thirds of the text of 150 pages is a description and analysis, backed by extensive statistical appendices, of growth in the principal

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economic fields in the period 1939–1950, with particular emphasis on output, investment, government policy, and the prospects for the future. The remainder of the Report deals largely with the balance of payments, with special reference to foreign investment.

The period discussed was one of remarkable economic growth in Mexico, with large investments, particularly in agriculture, private construction, highway transportation, and manufacturing, and an increase of over 60 per cent in real per capita domestic production. Foreign investment played only a minor rôle in the expansion, supplying only 4 per cent of the "gross investment", and apparently only about 8 per cent of the investment on a net basis. The authors believe that investment in this period went largely into the financially more profitable fields, to the neglect of low cost housing, hospitals, schools, rail transportation, and communications, and that the funds for future development in these fields will have to come in large part from taxes and government borrowing. They say in the concluding chapter:

> The most pressing needs for additional investment in the immediate future are for public facilities, most of which are within the official domain. Until these investments have been made, the scope for additional private investment in many fields will be curtailed. Consequently, the principal increase in foreign funds will have to come from government borrowing, which has been a relatively unimportant source for financing investment in the past (p. 151).

Despite the large government investment since 1939, and the extensive government control over private investment, the Report gives the impression that there was little economic planning in the broad sense, and that the same investment would have made a larger contribution to the country's development had there been a better coördination of individual projects. It draws the measured conclusion: "The time has come, therefore, when Mexico may want to abandon the project-to-project approach to economic development and look at the organic whole. . . . In short, what is needed is a development program" (pp. 151–52).

On one statistical point the Report follows a questionable procedure. It uses, throughout, a "gross" concept of savings and investment, and figures the "propensity to save" by relating "gross saving", that is, savings plus depreciation allowances, to gross national product (p. 205). There is serious doubt as to the relevance of such analysis for the problem under consideration in the Report. If the problem were the local market for capital goods, or the need to spend foreign exchange for capital goods, the gross concept of saving and investment is relevant, but when the problem is the distribution of income between consumption and investment, and the ability to finance a development program from domestic

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sources, the gross concept has little meaning. Similarly there is serious doubt as to the significance of a comparison of "gross investment" with the increase in net production (p. 204), of a comparison of the relation of "gross investment" to gross national product in different countries (p. 184), or of a comparison of the importance of the financing of investment from domestic and foreign sources when the domestic investment is on a gross basis and the foreign investment on a net basis (pp. 15, 183).

The Report concentrates on the larger issues of economic policy, and does not attempt the detailed recommendations given in several of the earlier Bank reports. It is written in readable, straightforward English, and the statistical material is well presented. It gives an excellent statement of the accomplishments of the Mexican economy, and a judicious presentation of the actions that will contribute to the country's continued economic growth.

FRANK WHITSON FETTER

NORTHWESTERN UNIVERSITY

A History of France. By LUCIEN ROMIER. Translated and completed by A. L. ROWSE. New York, St. Martin's Press, 1953.—xvii, 487 pp. $6.50.

For the non-French student or reader there is much to be said in favor of a one-volume history of France. At a time when French stock is very depreciated, an assessment of the French record seems particularly appropriate. A. L. Rowse thought well enough of Lucien Romier's *L'Ancienne France* to undertake the task of its translation, and also completion since Romier's own version stopped considerably short of the present. Some may feel that other recent French works—Pierre Gaxotte's *Histoire des Français* (1951), for instance—might have been more satisfactory choices, but Rowse was attracted by the quality of Romier's treatment which he associates with that of his own *The Spirit of English History*.

So condensed a treatment of so large a subject as two thousand years of French history is inevitably beset by the twin dangers of degenerating into a mere catalogue of factual information or of becoming an essay *about* French history, useful to the already informed alone. Some sections, especially perhaps the first ("Origins of the French People") and the third ("The Formation of Modern France") may seem overburdened by a too dense accumulation of fact, particularly by contrast with the intervening, well-integrated section on "The Spirit of Medieval France".

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The book is notable for the general breadth and fairness of its judgments: on the rôle and contribution of the Roman period, for instance (p. 29), and repeatedly on the significance of the monarchy in general as well as of individual rulers. Its central theme might, in fact, be briefly put thus: the monarchy served France well so long as it remained close to the people. Louis XIV's rôle and reign are well summed up and assessed; for all his great achievements, he "compromised the future of the monarchy not in making it absolute—that it had almost always been—but in changing its function in relation to the people and above all in putting it, in spite of itself, at the service of the privileged" (p. 244).

The mistake was by no means irretrievable, but the criminal irresponsibility of his spoiled successor, in a time of rapidly changing values that went with economic growth and the correspondingly growing power of money, was followed by the well-meaning incompetence of the next ruler. This amply accounts for the explosion of 1789. Unfortunately for France, her revolutions, unlike the British, never fully integrated or completed, have left the legacy of a divided country. Another aspect of this is the negativism of French domestic politics, a fatal characteristic to the present day.

For all his liking of Romier's approach, Rowse, an Englishman, balks at an occasional appreciation, as for instance the comparison of Catherine de Medici (Romier has written extensively on her period) with Elizabeth I, favorable to the former on the score of humanity (p. 212). His objection to Romier's judgment on the Crimean war (p. 411) is perhaps open to the very criticism that he himself makes.

These are minor points, but the analysis of the oft-criticized French fiscal policy (p. 472) seems surprising. To speak of "the rational objection of the French to being taxed" as an illustration of the fact that "it is sometimes a mistake to be too intelligent" makes one wonder if intelligence and cleverness are not confused here. To be sure, the French and English meanings of the word intelligence carry different overtones. Again, people will differ on the score of France being the most civilized country on the planet, but to illustrate the quality of French culture by lumping together Gide and Mistinguette, Claudel and Suzanne Lenglen may strike some readers as involving something of a confusion of values.

Finally, as to the translation itself, possibly because of haste, it is no more than adequate.

RENÉ ALBRECHT-CARRIÉ

BARNARD COLLEGE
COLUMBIA UNIVERSITY

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Rumours of Wars. By A. J. P. TAYLOR. London, Hamish Hamilton, 1952.—viii, 262 pp. 15*s*.

This is the second collection of Mr. A. J. P. Taylor's essays and reviews, including also two articles that first appeared in the *English Historical Review* ("Prelude to Fashoda: The Question of the Upper Nile, 1894–5" and "British Policy in Morocco, 1886–1902"), though not the several articles he published recently in the *Revue Historique.*

On the whole this collection is much like Taylor's first, *From Napoleon to Stalin.* Throughout it one gets the working out of a powerful and learned and first-rate critical mind, in writing that is continually interesting and incisive. But as with Taylor's earlier books on German and Austrian history, the pieces reprinted here are uneven from one piece to the next, sometimes from one sentence to another.

There are superb pieces on the Jameson Raid, the Boer War, Lord Northcliffe and Geoffrey Dawson, "Full Speed to Munich", on Coulondre's memoirs and on Von Weizsäcker's ("Another 'Good German'"); and Taylor's critical review of Herbert Butterfield's *History and Human Relations* is the first attack upon Professor Butterfield's kind of "history without morality" (Taylor's term) that I have seen in print.

But there are also pieces—particularly those on Mr. George Kennan's *American Diplomacy, 1900–1950* and the German documents on the Spanish Civil War—which read as though Taylor was only going through the motions of writing about them without his mind really coming to grips with the ideas and material these volumes contain. And still other pieces are spoiled by Taylor's oversimplifications and not infrequent perverseness. Thus in an essay "Can We Agree with the Russians?" he writes (much like Toynbee) that "It is often forgotten in the West that Russia has been repeatedly invaded from the West, but has herself never started an aggressive war into Europe"—conveniently forgetting about the Russian aggression against Poland and Finland in 1939, the repeated wars on Turkey when that state was still a European Power, the numerous earlier attacks on Poland climaxed by the swallowing of the single largest share in the three partitions, the equally "peaceful" annexation of Finland in 1809, and Catherine II's alliance with France and Austria to destroy Prussia in the Seven Years' War. And the same kind of perversity is to be found for instance in the essay on "Old Diplomacy—and New", where Taylor, in still another and not very effective attack on the long-discredited notion that "secret diplomacy" alone caused World War I, informs us that "If proof were needed that World War I was not caused by secret diplomacy, this was provided by World War II. There was virtually no secret diplomacy before World War II:

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Hitler stated his demands in public and received replies in kind. The only secret diplomacy was with Russia; and this resulted not in war, but in the Nazi-Soviet pact—an agreement for neutrality, though no doubt on a somewhat cynical basis."

As for the pieces on nineteenth-century German history—"Bismarck and Europe" and "Bismarck's Morality" (in which Taylor writes that Bismarck "treated Austria much more considerately than Lincoln treated the southern states")—they are things to skip.

Francis L. Loewenheim

Institute for Advanced Study
Princeton, N. J.

A Short History of Parliament, 1295–1642. By Faith Thompson. Minneapolis, University of Minnesota Press, 1953.—x, 280 pp. $4.50.

In the present state of parliamentary studies no one would be bold enough to attempt a definitive single-volume history, and Miss Thompson's book must be judged in terms of her restricted intentions. She is writing, not for scholars, but for students, certainly American students, of college age in courses in English history and literature, and for a wider reading public with an interest in parliamentary government. In four of her announced aims she is largely successful: in summoning earlier outlooks by extensive quotation from contemporary sources, in bringing parliaments to life, in bridging the division between medieval and modern, and in bringing the "men of law" (though the phrase is over-used) into the picture. It is in this last happy accomplishment—crucial in the history of an institution primarily judicial—that she departs furthest from writers of standard texts; and the emphasis should surprise no one who has read her excellent study of the rôle of Magna Carta in the making of the constitution. She has, however, been less successful and rather selective in her intention to bring together scattered results of recent research.

It is apparent from the title that Miss Thompson is not to be found in the vanguard of revisionism. The Model Parliament of 1295 is not heavily stressed, but it does receive—if only from the title—a position it certainly no longer deserves. As dates, 1258 or 1265 or 1275 are certainly as convenient and more convincing. The extent to which Parliament was used as a tool by interested factions in the Middle Ages is minimized, and royal initiative does not always receive the emphasis it deserves. Probably the sections on Tudor and Stuart parliaments are

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most successful, for there is wider agreement among historians as to fact and interpretation. Yet even here the balance is marred by the lack of any recognition which would be clear to a student of the arguments in terms of national welfare which could be brought to support the Stuarts. The Whigs we shall always have with us.

The book is, in effect, a supplementary textbook and does not, therefore, give enough credit to its intended audience. English medieval history is a major battleground, and the historiography of the subject should be a major device in teaching it. Miss Thompson does not, intentionally and unfortunately, take up "obscure points of origin". She also ignores, even in the bibliography (which is not critical), a number of important and fascinating, if occasionally polemical, studies, like Jolliffe on parliamentary origins, Plucknett on impeachments, and Richardson and Sayles virtually entire. American students display a lamentable antipathy to medieval studies, and surely an effective way to counter it is to show that many of the basic questions are not answered finally, and to make the excitement of research in them apparent. Teachers owe that not only to their students but to the English historians who are doing such magnificent jobs.

There are some unfortunate errors which should be corrected in future editions. Jolliffe is misspelled throughout; Winchelsea becomes Winchelsey; William of Wykeham loses an "e"; England acquires a King James IV, who since he is a sailor must surely be William; and a couple of English scholars are given no doubt merited but unawarded professorships.

R. K. WEBB

COLUMBIA UNIVERSITY

The British Economy, 1945–1950. Edited by G. D. N. WORSWICK and P. H. ADY. Oxford, at the Clarendon Press, 1952; New York, Oxford University Press, 1953.—viii, 621 pp. $9.00.

This is a collection of twenty-five essays contributed by nineteen present and former staff members of Oxford University. After an introductory chapter, the volume is divided into six sections, each containing one or more chapters dealing with National Income, the British Economy at the End of the War, Economic Developments and Policies, the Social Services, Industrial Organization and Policies, and Britain Overseas. The result is a valuable and convenient source for material dealing with various features of the British economy in the period after the war. The student of recent British history as well as of economic theory will find many pages of absorbing interest; the specialist, where he does not find support

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for his own views, will be confronted, at the least, with challenging data and stimulating assertions. Unfortunately, what no one will find is a coherent account or analysis of the British economy as a whole. The title may be an indication of intent, but as a description of actual content it is definitely a misnomer.

The work suffers from the faults inherent in a collective enterprise of this nature, and these the editors have not even attempted to correct. Judging by their own individual contributions to the volume, the editors are far removed from the precepts of economic liberalism. They may not always believe in the wisdom of a particular act of state control, but in their view the need for state intervention, for direction and control of the economy by the state, is clear and imperative. As editors, however, they seem to uphold the principles of anarchism. The virtually unrestrained freedom granted the contributors has resulted in a series of discrete essays by specialists rather than in a general and balanced picture of the development of the economy. We are told that "the contributors represent no particular doctrine nor do they share a common political outlook, nor have the Editors attempted to reconcile doctrinal or political differences among them." This is a most welcome statement in an age made extremely sensitive by the threat of "thought control", but the reader needs some protection from the haphazard cross fire to enable him to make some sense out of the welter of facts and figures which seem to defy analysis by many of the essayists themselves. Were the contributors each treating the same subject, the disagreements would lend interest and value to the discussion, but in writing on different features of the economy, the differences in doctrine and approach make the task of weaving the parts together into some coherent picture almost impossible.

Even more than the doctrinal and political differences, the difficulty lies in the fact that the various authors start with no common assumptions as to methods or goals. Some of the essays, combining narrative and analysis, exposition and criticism, are excellent, but a few are used chiefly for the ventilation of pet theories, and others are long and dull, stressing trivial factual details at the expense of a consideration of major events and themes and the understanding of significant changes and problems. At times, an irritating quality of self-praise and self-righteousness is displayed by some of the contributors. Certainly no nation has a greater right to feel proud of itself and its accomplishments, but has the characteristic British quality of understatement vanished?

SAMUEL J. HURWITZ

BROOKLYN COLLEGE

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Stanton: Lincoln's Secretary of War. By FLETCHER PRATT. New York, W. W. Norton & Co., 1953.—xiii, 520 pp. $5.95.

This book belongs to that school of biography which maintains that one part of a man's life is greater than the whole. Almost two thirds of it is devoted to the three years during which Stanton was Lincoln's Secretary of War. It will be necessary to wait for the more monograph-like, documented and detailed work of a professional historian before making any final judgment of Stanton. Although his entire life is duly recorded here, the book is distorted by the disproportionate emphasis placed on the Civil War experience. As biography this fails. The account is more eloquent than enlightening. As a contribution to the growing literature of the Civil War, however, it deserves some attention, for it presents a new view of the war years as seen through the eyes of Edwin McMasters Stanton.

Mr. Pratt has written about one of the most controversial figures of the period. Stanton, who has been considered by some a millstone around Lincoln's neck and by others a man who should have had a rope around his own, has not been cast in the rôle of hero by American historians. "This is primarily a work of correction," claims the author, and if we accept what he says, the work succeeds admirably. Stanton, it turns out, was effective as head of the War Department. This freely-wrought interpretation, clearly supporting the author's contention that Stanton was a "credible" person, maintains that Stanton was Lincoln's right-hand man in the right place at the right time. Except for a single cryptic and meaningless introductory paragraph, however, the book lacks any documentation whatsoever. The author has used blank ammunition. There is no proof offered for Stanton's "new look", except one's faith in the author. Unfortunately, in view of the established evidence of many historians, this is too much to ask of a profession that has faith in science and demands that the record be documented.

Still, the book, considered as one that denies convention and defies correction, is not without merit. Whereas its value is not in its interpretation or the facts therein assembled, some of the questions it raises and discusses are significant. For Mr. Pratt is concerned with some basic factors in fighting a war: the art of leadership, the impersonality of office, and the problems of power. This is the story of a man who understood administration and patriotism without confusing them. Stanton's selection of Hermann Haupt to operate the government railroads; and, in particular, his direction of the mass railroad movement to relieve Rosecrans at Chattanooga are good examples of civilian leadership and high command at work in Washington. Stanton's ability to work hard was matched by his desire for success; his super-honesty was equaled by

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his piety of purpose. His faults and follies are revealed as one reads of his scope and vitality. The total effect is to get some comprehension of the problems which confronted Lincoln and Stanton while the war vacillated between periods of action and inaction.

Written enthusiastically, with Dos Passos-like intervals between sections of the narrative (here called "Backdrop", and composed of contemporary newspaper clippings), the book presents a thoughtful and sympathetic account of the War Secretary. Stanton's exact rôle in the management of the Union armies, however, is still to be determined.

Donald N. Bigelow

Columbia University

Valley of Democracy: The Frontier versus the Plantation in the Ohio Valley, 1775–1818. By John D. Barnhart. Bloomington, Indiana University Press, 1953.—xii, 338 pp. $5.00.

The ghost of Frederick Jackson Turner still haunts our academic halls. In the *Valley of Democracy*, Professor John D. Barnhart, chairman of the History Department at Indiana University, has examined the struggle for statehood in the Ohio Valley between 1775 and 1818, and has told the story of the valley's development in terms of a conflict between the frontier and the plantation. The frontiersmen's efforts to free themselves from Eastern control are recounted with particular emphasis on the constitutional aspects of the subject.

In considering the emergence of a separatist movement in the frontier regions, Professor Barnhart gives considerable weight to public opinion as expressed in the columns of newspapers. Antagonism to Eastern aristocrats, suspicion of the large landowner, and expressions of popular sovereignty are underscored. Useful descriptions are given of the Watauga Compact, of Westsylvania's petition to be the fourteenth state, and of the constitution of the state of Franklin. The author is at his best in studying the make-up of the various state constitutional conventions and in analyzing the nature and origins of those constitutions. Informative tables are provided, indicating the number of original sections and the sources of those portions copied from other state constitutions. In painstaking detail Professor Barnhart traces the economic conditions and geographical backgrounds of the delegates as he moves from state to state at its formative stage.

The main theme of the work is that "American democracy was not imported from Europe" (p. 3) but that in the Ohio Valley "a self-sufficient, individualistic, and democratic society of white men and women opposed planter domination of state governments" (p. 8) and that "the achievement of separation from the South Atlantic states . . . and the develop-

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ment of individualistic frontier democracy based upon faith in the common man are the notable accomplishments of the pioneers of the Ohio Valley" (p. 235).

Several omissions mar the work. Insufficient attention is given to the rôle of land speculation in the settlement of the West. The War of 1812, so significant in the Valley's history, is treated only in passing. There is little consideration given to the rôle of religion in the development of the Valley.

A number of generalizations are open to question. Although the word "frontiersmen" is used frequently, it is loosely defined. They were those who "hoped to establish a somewhat more democratic order having fewer inequalities and injustices" and were "rough, uncultured, uneducated, undisciplined, and hard to lead" (p. 81). To the author, the frontiersmen were those interested in liberty and democracy, the planters those concerned with stability and land.

Other generalizations weaken his case. He asserts that the frontier brought to Tennessee "a race of fearless, individualistic, and able representatives of the Old West, impetuous and impulsive Irishmen, hard-headed and unquenchable Scotch-Irish, pacific but resistant Germans" (p. 120) and that the French in Indiana were "of a gentle and indolent nature, dependent upon authority . . . more temperate and law-abiding than many of the American frontiersmen" (pp. 161–162).

In examining the various documents born in the Ohio forests, the author stresses the unique character of these democratic utterances. Minimized, however, is the obvious European contribution to these early efforts at state-making. To cite but one example, how interesting that the twelfth article in "A Declaration of Rights . . . of the State of Frankland", asserting that "no freeman ought to be taken, imprisoned, or disseized of his freehold", should resemble so closely Article 39 of the Magna Carta.

The last chapter is devoted to a review of Turner's writings and to an evaluation of his critics, but the author, a former student of Turner's, omits consideration of several major critics of the Turner school. Professor Barnhart believes "The great opportunity for historians . . . lies in supplementing and completing Turner's work rather than in trying to refute it" (p. ix). Does not our opportunity lie rather in emancipating ourselves from the Turner approach, in studying what Marcus L. Hansen has called "comparative social history", and in viewing the West in terms of a continuous struggle for political power and economic control?

CHARLES C. COLE, JR.

COLUMBIA UNIVERSITY

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BOOK NOTES

Sir Ernest Benn is a publicist of whose ideas Herbert Spencer would have approved. One of the most active champions of individualism in the twentieth-century world, he has written such books as *Happier Days*, *The Confessions of a Capitalist*, *This Soft Age*, *The Murmurings of an Individualist*, and *Benn's Protest*, the very titles of which suggest his reactions to the collectivist tendencies of modern times. Now in *The State the Enemy* (London, Ernest Benn Limited, New York, The British Book Centre, 1953; 175 pp. 12*s*. 6*d*; $3.00), he returns to the theme that has long concerned him. Critical of life in contemporary Britain, he insists that his fellow citizens have become "a nation of dole-drawers and tax-dodgers", "an easy-going, apathetic, half-Germanised people", a nation of "those who issue forms and those who have to fill them up." He maintains that nationalization has not brought happiness to workers, that full employment has failed to stimulate production, and that the expectations of the original Fabian essayists have "proved disappointing, if not entirely fallacious." His argument is that the British were strongest when they had faith in the power of the individual and that their present weakness is the product of their dependence on government. Impressed by the waste of the last few decades, he believes that state intervention has brought impoverishment to the country and demoralization to the people; and he views the growth in the functions of government as an insult to the citizens. His hope is that "the failure of the State to come up to its promise or specification may, indeed should, produce a revulsion for official ways quite as sincere, deep and powerful as the discontent with the private enterprise of the past, which has caused half a century to be wasted in the fruitless search for a substitute." He looks forward to the day when people who mention government will refer to it in the same way that they now talk of influenza or chicken pox. Unfortunately, Sir Ernest fails to make an effective case against the state intervention that he deplores. The main difficulty is that he becomes so emotionally involved in his subject that reason departs from his pages and irrelevancies enter on a large scale. If a competent reader on the staff of the distinguished publishing firm that Sir Ernest heads had had the courage to suggest that the book's organization be tightened and its contents pruned and enriched, the House of Benn would have had a worthier volume to promote.—HERMAN AUSUBEL, Columbia University.

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"The great confrontation of the United States and the Soviet Union is much more than a rivalry of two great powers", writes William Henry Chamberlin in his latest book, *Beyond Containment* (Chicago, Henry Regnery Company, 1953; vi, 406 pp. $5.00). "It is the conflict, the irrepressible conflict, between two diametrically opposed national ideas . . . freedom and servitude." While all-out war is not necessarily the form this struggle will take, true peace can be achieved only with the greatest of difficulty. From these premises, Mr. Chamberlin goes back to trace his own singular conception of the origins of the "cold war" and the historical background of present world tensions. The picture he draws is a dark one, full of little but short-sighted and near-treasonable failure on the parts of Presidents Roosevelt and Truman to challenge Soviet attempts at aggrandizement from the initial American recognition of the Soviet régime to the belated adoption of a policy of "containment". He asserts that American participation in the Second World War as an ally of the U.S.S.R. was also a blunder, since it enabled the Soviets to profit from the shifts in power relationships. It would have been much wiser for the American government to make peace in the Pacific with Japan on the latter's terms and to stand aside in Europe, hoping that Germany and the Soviet Union would fight it out alone. This unique, but not uncommon, view resolves itself ultimately, however, into an indictment of the Roosevelt-Truman Administrations for failing to envisage developments in the year 1953 as clearly as Mr. Chamberlin claims to understand the past two decades from the vantage point of the present. Moreover, the book's argument is based quite as much on a cavalier disregard of the entire factual record of these years as it is on impassioned and transparent prejudices. The United States, having finally recognized the Soviet danger for what it is, should now move on beyond the policy of containment, the author concludes. Still maintaining that war is not inevitable, he asserts that we must adopt a program of action that aims at nothing short of "the dissolution of the swollen Soviet empire and a profound political, economic, and moral transformation of the governing regime in the Soviet Union, with the abandonment of all the basic tenets of communism. . . ." Discounting entirely the value of the United Nations as an effective implement of policy, Mr. Chamberlin urges that the United States must depend primarily on her own military, economic and diplomatic strength, and then on whatever assistance might be forthcoming from allies. This highly individualistic interpretation of American-Soviet relations generates much heat and smoke throughout the book but sheds little, if any, light on the true nature of the problems facing the world today.—SIDNEY HEITMAN, New York, N. Y.

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India in World Affairs, August 1947–January 1950, by K. P. Karunakaran (London, Oxford University Press, 1952; xi, 407 pp. 25*s.*), traces the emerging impact of independent India's evolving foreign policy upon world developments. There is a stimulating story to be told but, by piling excessive detail upon detail, this account grows dully pedantic and at times quite biased. Mr. Karunakaran's prejudices may be excused at points—he is an Indian and one would not expect him to discuss "India's Relations with Pakistan" and "Racial Discrimination in South Africa" objectively, but at other points his political sympathies so color his reporting as to render it worthless. For example, in discussing "Communist China and the West", he volunteers the view that "The United States Government would find it difficult to find in Asia a creative leadership which would not be fundamentally Socialist in character. Not having realized this, it allied itself with Chiang Kai-shek's China and other reactionary forces and thus indirectly stimulated anarchy, civil war and sabotage within the countries of Asia" (p. 99). In his discussion of economic affairs, where he is obviously even less at home than in diplomatic and political matters, one finds such inappropriate comments as: "Under the circumstances, it was not surprising that the Indian Ambassador to the United States stated early in 1950 that President Truman's Point Four Programme had become ridiculous" (p. 386). There is an unfortunate national egotism which pervades and distorts the book. Mr. Karunakaran could hardly have been expected to look at world affairs with other than Indian bias, but a more balanced study would have resulted if he had not tried so hard to show that all favorable developments in the United Nations, in Asia, and elsewhere were essentially of Indian origin and Indian sponsorship, and that all unfortunate trends resulted from Western influence with India striving mightily to resist and oppose. Nowhere in the book is there the faintest indication that Indian policy might have been wrong—even once.—Jerome B. Cohen, Bernard M. Baruch School of Business and Public Administration, College of the City of New York.

In a penetrating analysis of some of the problems of underdeveloped areas, *The Economic Impact on Under-developed Societies* (Cambridge, Harvard University Press, 1953; vii, 179 pp. $3.25), Professor S. Herbert Frankel has made impressive use of Alfred Marshall's statement that "Time . . . is the centre of the chief difficulty of almost every economic problem" (*Principles of Economics*, preface to the first edition). Although in form this book is a collection of essays, it possesses a central unifying thesis deserving considerable attention from all academicians and politicians who deal with the problems of so-called underdeveloped

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countries (that is, countries whose poverty is attributable to lack of industrialization rather than to the inadequacy of their basic resources no matter how fully developed these resources may be). Motivated by humanitarian instincts as well as by (realistic) fears of potential Communist revolution, the United States and Great Britain are working under desperate pressures to raise living standards all over the world—especially in Asia and Africa where the depth of poverty is appalling. Unfortunately, as the author shows, foreign capital combined with even the best will in the world may not be effective at all and certainly cannot be successful in anything like the desired time. In fact, here as elsewhere, excessive haste may be self-defeating. Planners eager to obliterate poverty may succeed instead in causing social disintegration and upheaval—to say nothing of wasting precious foreign capital. In this connection, the author reserves his most vigorous criticisms for the British East African Ground Nuts scheme and for the recent United Nations report on *Measures for the Economic Development of Underdeveloped Countries*. The U.N. economists thought that the solution to the problem of surplus agricultural population (where the marginal physical product of the last worker is negligible or even negative) lay in developing manufacturing industries. As Professor Frankel points out, this may not be the answer. If these industries cannot produce for export markets, they may have no market at all. Unless the farmers who remain on the land have sufficient food to exchange for manufactured products, there can be no home market. In the meantime, the social integration of the displaced farmers will have been cruelly shattered by industrialization without any compensating amelioration of their poverty. In addition, these manufacturing industries will have consumed scarce capital in what with a few notable exceptions is a capital-starved world. The author does not know how to eliminate poverty overnight nor does he grapple with the burning question of what will happen politically in these poverty-stricken areas if their living standards are not raised substantially and promptly. Perhaps this is a defect in the book, but surely a critic performs a useful task if he only demonstrates why present policies must fail to achieve their objectives. We must not condemn him if he cannot suggest methods by which the desired objectives may be attained. After all, there may be no such methods.—LEON QUINTO, The Pennsylvania State University.

All twenty-two chapters of *Background of the Middle East*, edited by Ernest Jackh (Ithaca, Cornell University Press, 1952; viii, 236 pp. $3.50), were first published in the 1952 edition of *The Encyclopedia Americana*. Thus what the reader has is a reprint of the lengthy article in that pub-

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lication under the term "Middle East". Incidentally, this fact is withheld from the reader, and it is brought out only in the copyright statement. In the opening chapter the advisory editor delimits the area as extending from Morocco to western Pakistan, and from Greece to the Sudan. In this area (about the size of continental United States) live some 140,000,000 people, nearly 90 per cent of whom are Moslems. It is the center of this area, "the center of creation, radiation and mediation" (p. 21), which draws the main attention of all seventeen contributors. In his brief but brillant chapter Mr. Haas tells us that Islamic civilization attained a degree of universality, dignity and abundance of values "equal to that of any other civilization" (p. 30). Both he and Professor Jeffery carry the reader into both the physical and spiritual realm of Islamic civilization, and we are told that the Arabs "of the south had a highly developed urban civilization . . . dating from at least 1500 B. C." (p. 90). In his learned chapter on the Arab caliphate Professor Hitti informs us that the Abbasid court of Baghdad founded an institution, early in the ninth century, "which was a combination of academy, library, museum, observatory, and translation bureau" (p. 99). Professor Baron's brilliant survey of Hebrew civilization stops at the beginning of Christianity. Professor Kohn's chapter on nationalism and those by Professors Togan (of Ankara University) and Thomas are informative. There is an important chapter on petroleum, and of course another one on the United States, the Soviet Union and the Middle East. As the work of many hands the volume suffers from unevenness. And this drawback is brought out clearly in the four long chapters by Mr. Edgar Alexander. His last chapter on Russian messianism in the Middle East reads like a bitter denunciation of Stalinist communism. The book has a useful index and three maps.—A. O. SARKISSIAN, Washington, D. C.

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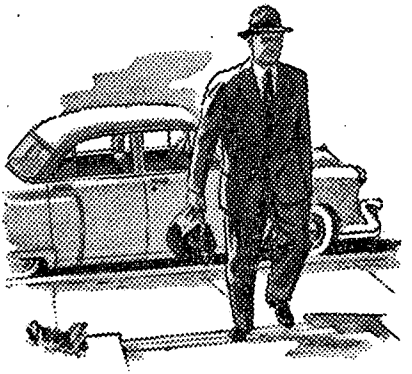
A four-year-old child was up on a roof

A house was on fire

A plumber was needed in a hurry



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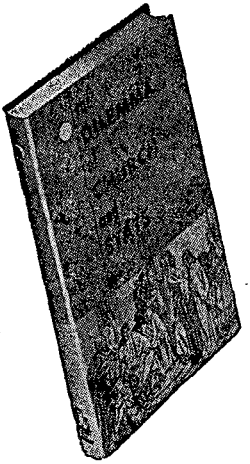

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